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NATIONAL CONSUMER FINANCE ASSOCIATION

FINANCE FACTS

A Monthly Publication on Consumer Financial Behavior

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NOVEMBER 1980

PERSONAL INCOME AND OUTLAYS

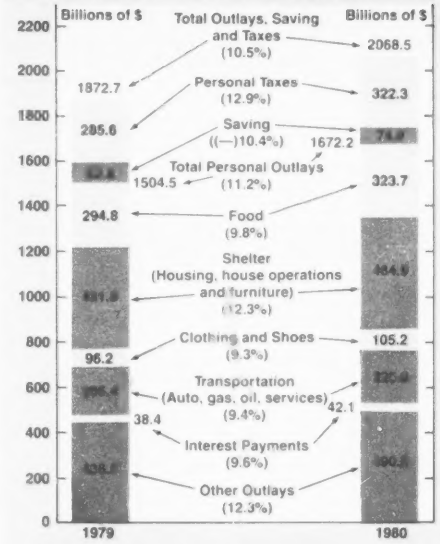
In third quarter 1980, personal income (personal outlays, taxes and saving) was up approximately 3% from second quarter; personal outlays slightly more; salaries and wages, personal taxes and contributions for social insurance up somewhat less. Transfer payments were up about 10% and personal saving down over 3%. Relative changes in third quarter are similar to those shown in more detail for comparison of first half 1980 with first half 1979.

Total personal outlays were 11.2% more in first half 1980 than for same period 1979. Personal outlays for food were 9.8%, and shelter 12.3% more. Spending on clothing and shoes increased 9.3%, transportation up 9.4%, and all other goods and services 12.3%. Interest payments to business were 9.6% higher. Personal taxes were 12.9% higher. Social insurance tax paid by individuals were up 9.1%. For same time period transfer payments increased 12.9%, while wages and salaries and other labor income increased 9.4%. Personal saving was 10.4% less in first half 1980 than in first half 1979.

Consumer prices averaged 14.3% higher in first half 1980 than in first half 1979. By contrast, spendable average weekly earnings were 6.0% higher.

Personal Outlays, Taxes and Saving 1st half 1980 and 1st half 1979

(Percent change in parentheses)



Note: Parts may not add to totals due to rounding.
Source: U.S. Department of Commerce, U.S. Department of Labor.

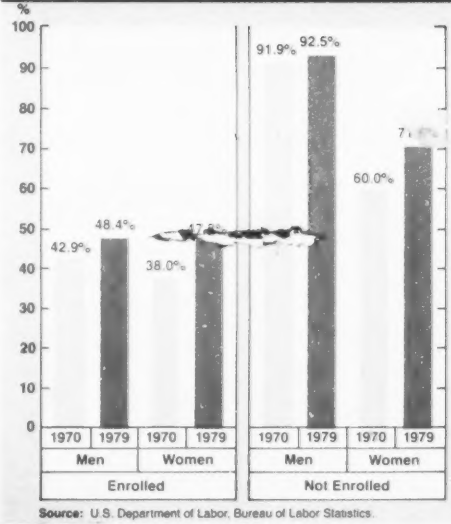
STUDENTS AND WORK

Employment situation for 16-24-year-old youths enrolled in school was about same in October 1979 as year earlier, Bureau of Labor Statistics reported. Among out-of-school youths, unemployment had risen for first time since 1974-75 recession. Increased burden fell primarily on high school graduates who had not gone on to college; their unemployment rate rose from 8.7% to 9.8%.

Labor force participation rates in October 1979 for recent high school graduates continued close to peak levels reached in 1977—42% among those in college and 87% among those not in college. Youth enrolled full time in college had labor force rate of 39%, but rate for part-time college students (84%) almost matched that of recent high school graduates no longer in school. Unemployment edged upward among all recent graduates, whether or not enrolled in school.

During 1970's, proportion of students participating in the labor force rose about 6 percentage points for men and 10 percentage points for women. This growth largely reflects the recent enrollment increase in 2-year colleges. Despite the increases in participation among students, 7 out of 10 of the 16-to-24-year-olds in the labor force were not enrolled in school either in 1970 or 1979. Labor force participation rates of nonstudent youths edged up slightly for men, from 92% to 93%, and increased sharply for women, from 60% to 72%

Labor Force Participation Rates of Men and Women Aged 16-24 Years, October 1970 and October 1979



Source: U.S. Department of Labor, Bureau of Labor Statistics.

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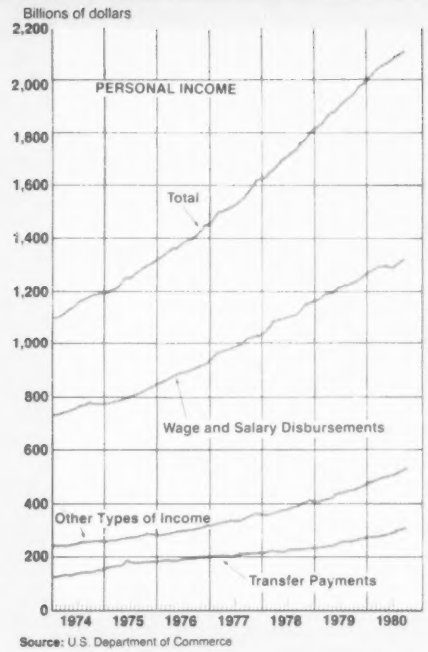
FINANCE FACTS

NOVEMBER 1980

Selected Components of Personal Income
(Seasonally Adjusted at Annual Rates)



Source: U.S. Department of Commerce

PERSONAL INCOME

Personal income increased $19.8 billion in September to seasonally adjusted annual rate of $2,159.5 billion, according to U.S. Department of Commerce. In August, personal income had increased $15.5 billion.

Wages and salaries and other labor income increased $11.9 billion in September. Nonfarm proprietors' income increased $1.0 billion in September, income from rent, dividends and interest $1.6 billion, and transfer payments $5.3 billion.

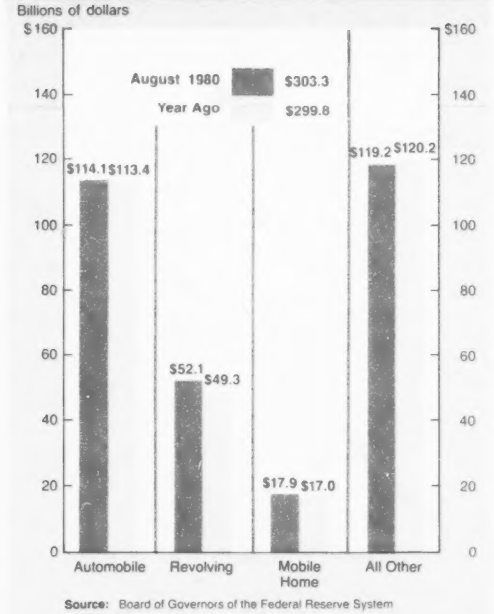
Personal outlays increased $10.9 billion in September, taxes $3.8 billion, and saving $5.0 billion. Purchases of durable goods declined $3.5 billion. Purchases of nondurable goods increased $5.6 billion, purchases of services increased $8.8 billion.

PRODUCER PRICE INDEXES

Producer Price Index for Finished Goods edged down 0.2% from August to September on seasonally adjusted basis, U.S. Department of Labor reported. September decline followed advances of 1.7% and 1.5% in July and August, respectively. Prices for intermediate goods moved up 0.6%, somewhat less than in either of 2 preceding months. Crude material prices increased 1.3%, considerably less than in either July or August.

Nearly two-thirds of sharp slowdown in Finished Goods Price Index was caused by 0.2% decrease in food prices, which had risen about 4% in each of 2 previous months. Most of rest of deceleration was due to sharply lower prices for motor vehicles, as manufacturers closed out 1980 model year with across-the-board discounts. Small declines were also recorded for energy goods. On average, prices for other finished goods rose 0.7%, about as much as in August.

Consumer Installment Credit Outstanding



Source: Board of Governors of the Federal Reserve System
Note: Parts may not add to totals due to rounding.

CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end of August 1980, was $303.3 billion. Of this amount $114.1 billion was outstanding in automobile credit, $52.1 billion in revolving credit, $17.9 billion in mobile home credit and $119.2 billion in all other credit (consisting of other consumer goods and personal loans).

During August 1980, total installment credit outstanding increased by $1.5 billion—automobile credit increased by $0.5 billion, revolving credit up $0.8 billion, and all other up $0.3 billion.

Net increase in installment credit outstanding by type since August 1979 amounted to $3.5 billion. Of this increase, $0.7 billion was in automobile credit, $2.9 billion in revolving credit, $0.9 billion in mobile home credit but a decrease of $1.0 billion in all other credit.

Net change by institution over year was increase of $11.1 billion for finance companies; decrease of $6.5 billion for commercial banks, and $5.3 billion for credit unions; and increase of $4.2 billion for all other institutions.

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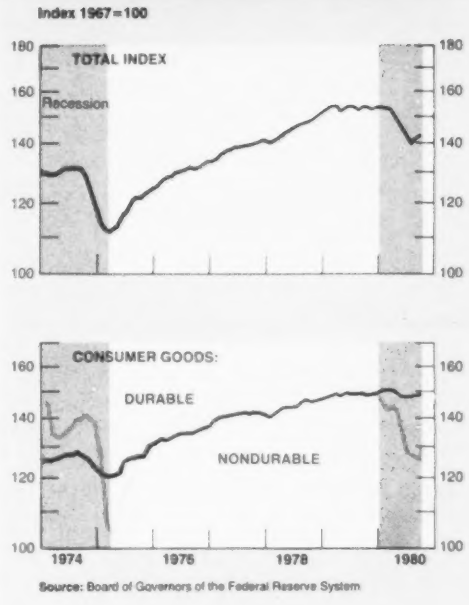
INDUSTRIAL PRODUCTION

Industrial production index increased 1.0% in September, following a 0.6% rise in August. Index had declined 8.3% from January to July. September increase reflected gains in output of consumer durable goods, defense and space equipment, construction supplies, and durable and nondurable goods materials. At 142.4% of 1967 average in September, index was 6.7% below year earlier.

Production of consumer goods rose 0.9% in September. Auto assemblies, at annual rate of 6.0 million units, increased about 7% from August level but remained 24% below year ago. Production of consumer nondurable goods was little changed, as was business equipment output.

Index of Industrial Production
by months (seasonally adjusted) 1974-1980



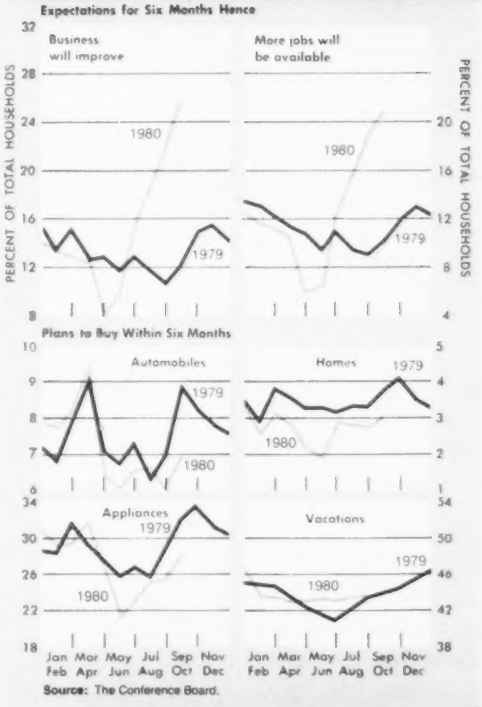
Source: Board of Governors of the Federal Reserve System

SCHOOL ENROLLMENT

In October 1979, total of 57.9 million persons 3 to 34 years old were enrolled in school, about 800,000 less than number enrolled in October 1978. Decline reflects drop in enrollment in elementary school and decline in persons of high school age. Elementary school enrollment was 27.9 million in 1979, about 600,000 below the 1978 figure. About 34 million children were enrolled in elementary school in 1970. High school enrollment totaled 15.1 million in 1979, down from about 15.7 million in 1977. Decrease in annual number of births that occurred in 1960's and early 1970's has begun to be reflected in population decline among persons of high school age (14 to 17 years old).

Women outnumbered men in college enrollment in 1979 for the first time in 34 years. Major contributing factor was larger number of older women than older men enrolled in college part time. In addition to 10 million students under 35 years old, equally divided between men and women, about 914,000 women and 487,000 men 35 years old and over were attending college (about 85% part time). More women than men were enrolled among students under 20 years old and over 34 years old, but men outnumbered women among students in mid- to late 20's (22 to 29 years of age).

Consumer Expectations and Plans To Buy



Source: The Conference Board.

CONSUMER CONFIDENCE

The Conference Board's Consumer Confidence Index (1969-1970=100) moved ahead to 75.8 in September, up almost 10 points from August, rising for fourth consecutive month. The Buying Plans Index also registered sharp gain in September, to 97.2, up from 85.7 in August. Consumer expectations for next six months are now higher than they have been in almost two years.

Looking ahead, 26% of surveyed families expect business conditions to improve, up from 22% in August. Some 21% believe job market will expand in next six months, compared with 19%. Consumer expectations now closely parallel readings during 1974 recession. Plans to buy new and used cars climbed to 7%, up from 6% in August. Home-buying plans moved ahead to 3.1% in September, compared with 2.7% in August. Plans to buy major appliances reached nearly 29%, up from about 26%.

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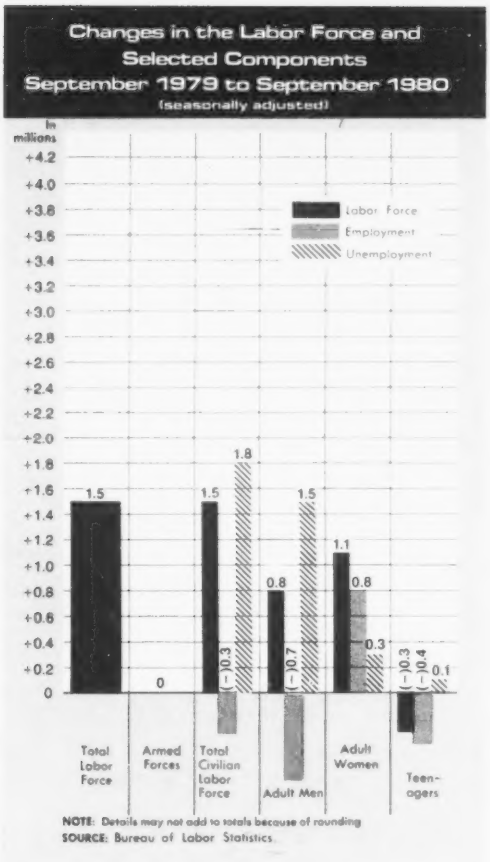

EMPLOYMENT SITUATION

Employment rose slightly in September, and unemployment edged down, U.S. Department of Labor reported. Unemployment rate was 7.5% in September, compared with 7.6% in August and 7.8% in July. Total employment was up by 200,000 to 97.2 million. Nonfarm payroll employment also rose by about 200,000 in September. Factory workweek increased for second straight month. From August to September, unemployment declined among adult women, down 0.4 percentage point to 6.1%, and teenagers, down from 19.1% to 17.5%. Unemployment rate for adult men was about unchanged at 6.7%. Rate for white-collar workers was unchanged over month, while there were improvements among blue-collar, service, and farm workers. Among major industry divisions, unemployment rates for workers in construction (16.5%) and agriculture (10.9%) fell substantially following large increases in the previous month. Median duration of joblessness, at 8.2 weeks, increased for fourth month in a row.

HELP-WANTED INDEX

The Help-wanted Advertising Index remained unchanged in August, The Conference Board reported. Seasonally-adjusted Index continued at 118 (1967 = 100), same reading as July. Since May, the Index has been inching up, reaching level three points above June figure and six points over May. However, the Index still rests 36 points below January peak of 154.

GROSS NATIONAL PRODUCT

Gross national product increased $61.7 billion, or 10.2% at seasonally adjusted annual rate, in third quarter 1980 to $2,583.0 billion, according to U.S. Department of Commerce. Real output increased 1.0% at an annual rate in third quarter, compared with decrease of 9.6% in second. Personal consumption expenditures increased $55.2 billion in third quarter, compared with decrease of $2.9 billion in second.

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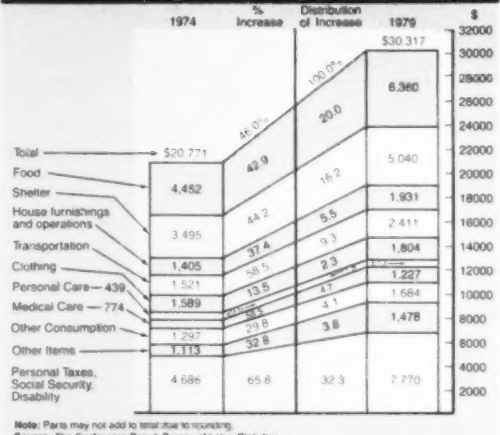
DECEMBER 1980

INFLATION AND TAXES

To maintain a "comfortable" lifestyle, an urban family of four needed pretax income 46% greater in Autumn 1979 than same period 1974, according to The Conference Board. Using Bureau of Labor Statistics data, $30,317 was needed in 1979 to stay even with a standard requiring $20,771 in 1974. Price of goods and services rose by 40.7% while income taxes and Social Security taxes combined were up 65.8%. Next largest increase was medical care, up 58.5%, as was transportation. Cost of shelter increased 44.2% and food 42.9%.

Of the necessary $9,546 required to stay even, almost one-third went to combined personal income and Social Security taxes; while 20.0% went towards food and 16.2% to shelter. Shifts into higher income tax brackets which are disproportionate to the rises in income ("bracket creep") were recently estimated by The Conference Board as adding 3% to 4% annually to middle-class family tax load.

"Comfortable" Annual Budget for Urban Family of Four: Autumn 1974 and Autumn 1979 (Family: Husband, Wife, Boy 13, Girl 8)



Note: Parts may not add to total due to rounding.
Source: The Conference Board, Bureau of Labor Statistics.

REAL EARNINGS

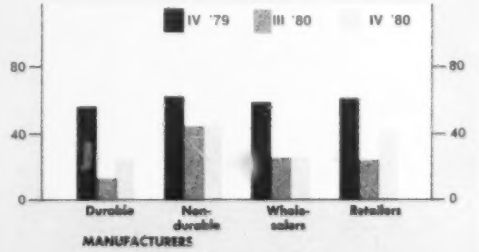
Real gross average weekly earnings decreased 0.3% from August to September after allowance for usual seasonal variation. A 0.4% increase in average hourly earnings and a 0.3% increase in average weekly hours were offset by a 1.0% increase in Consumer Price Index. Over year, real average weekly earnings were down 5.9%.

BUSINESSMEN'S EXPECTATIONS

Business optimism recovered slightly from five-year low in latest Dun & Bradstreet Survey of Business Expectations. Modest size of improvement indicates upward progress may be sluggish. Among the 1,429 interviewed about their appraisal of fourth quarter 1980 prospects, confidence about sales was up appreciably more than about profits. There was little change in outlook regarding inventories and employment.

The Sales Optimism Index (percentage expecting increases minus percentage expecting decreases) rose 8 points to 34 after sinking to 26 in preceding survey. Year-ago reading was 56. Outlook was concentrated among durable goods manufacturers, up to 26 from 11 a quarter earlier, and among retailers up to 42 from 27. Profits Optimism Index up only 4 points to 22 from 18, little more than one-half reading of 40 a year ago. Makers of durable goods and retailers accounted primarily for slight upturn. In contrast, Profits Optimism Index for nondurable goods manufacturers faded to 29, lowest ebb since second quarter 1975.

Sales Optimism Index
Per cent of firms expecting sales to increase in the next quarter, minus per cent of firms expecting sales to decrease.



Source: Business Economics Department, Dun & Bradstreet, Inc.

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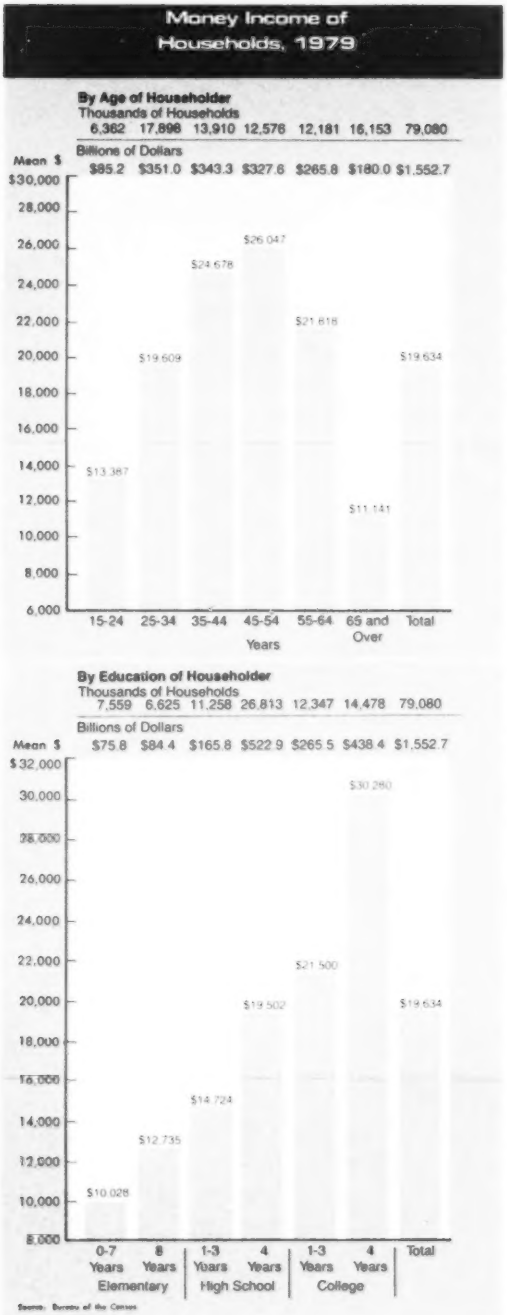
DECEMBER 1980



Source: Bureau of the Census

HOUSEHOLD INCOME

Income of households averaged $19,634 in 1979 according to Census Bureau survey. Nonfarm households which comprised 97.6% of the total averaged $19,651—farm households $18,970. Households headed by males comprised 71.9% of the total and averaged $22,865—households headed by females $11,386.

Of the $1,552.7 billion money income of all households in 1979, 82.9% of it went to households headed by persons 25 to 64 years of age. These groups comprised 71.5% of all households.

Households income tends to rise until the householder reaches late middle age and to decline thereafter. In 1979, mean income (that is the total income for the group divided by the number in the group) rose from $13,387 for households in which the householder was under 25 years of age to $26,047 for households headed by a person between 45-54 years of age, then declined to $11,141 for households in which the householder was 65 years of age or over.

Education is one of the most important determinants of households income. The largest single group is that in which the household head has completed high school but gone no further in school. In 1979, this group comprised 33.9% of the households and the mean income was 0.7% below that for all households. At the one extreme, where the household head had completed four or more years of college, there were 18.3% of the households and the mean income was 54.2% above that for all households. At the other extreme, where the household head had completed less than eight years of school, there were 9.6% of the households and the mean income was 48.9% below that for all households.

FINANCING BUDGET OUTLAYS

For fiscal year ending September 30, 1980 total budget receipts of the U.S. government were $520.1 billion while total budget outlays, excluding off-budget outlays, were $579.0 billion. This left budget deficit of $59.0 billion. For the same period 1979, receipts were $466.0 billion and outlays $493.6 billion, leaving a deficit of $27.7 billion. Comparing fiscal year 1980 to 1979, budget receipts increased 5.4%, budget outlays 17.3%, and budget deficit by 113.0%.

PRODUCTIVITY AND COSTS

Productivity in private business sector increased 1.4% at seasonally adjusted annual rate in third quarter 1980, according to Bureau of Labor Statistics. Increase followed 2.7% decline in second quarter and 0.3% decline in first. Third-quarter increase reflected 0.3% rise in output and a 1.1% drop in hours of all persons. This was first productivity increase since 0.3% gain in fourth quarter 1978.

In nonfarm business sector, productivity increased 2.6% in third quarter, following 3.7% decline in second quarter. Output rose 1.1%, hours declined 1.4% (annual rates) in third quarter. This was first productivity increase since 0.8% gain in fourth quarter 1979.

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CONSUMER INSTALLMENT CREDIT

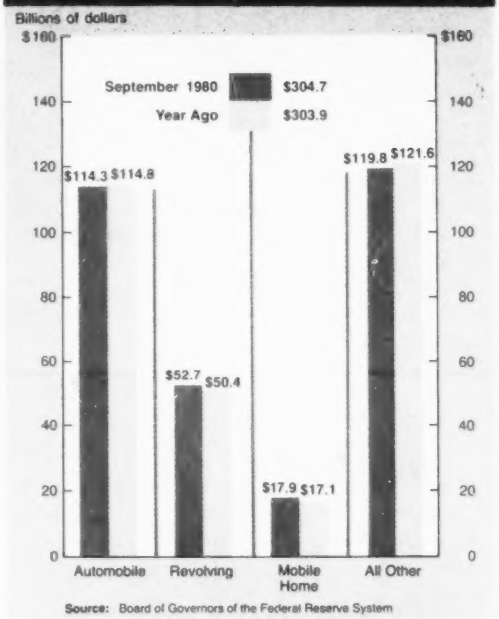
Total consumer installment credit at end of September 1980, was $304.7 billion. Of this amount $114.3 billion was outstanding in automobile credit, $52.7 billion in revolving credit, $17.9 billion in mobile home credit and $119.8 billion in all other credit (consisting of other consumer goods and personal loans).

During September 1980, total installment credit outstanding increased by $1.4 billion—automobile credit increased by $0.3 billion, revolving credit up $0.5 billion, mobile home credit up $0.1 billion, and all other up $0.6 billion.

Net increase in installment credit outstanding by type since September 1979 amounted to $0.8 billion. Revolving credit increased $2.2 billion and mobile home credit $0.8 billion. Automobile credit declined $0.4 billion and all other credit, $1.8 billion.

Net change by institution over year was increase of $10.0 billion for finance companies, $1.9 billion for retailers, $1.6 billion for savings and loans and $1.0 billion for gasoline companies. Commercial banks decreased $7.6 billion over year, credit unions, $5.7 billion, and mutual savings banks, $0.4 billion.

Consumer Installment Credit Outstanding



Source: Board of Governors of the Federal Reserve System
Note: Parts may not add to totals due to rounding.

HELP-WANTED INDEX

The Conference Board's Help-wanted Advertising Index rose five points (4.3%) in September, largest monthly increase this year. At 122 (1967=100), seasonally-adjusted figure now stands at its highest level since April. Despite current upsurge, the Index still remains 32 points below 1980 high of 154 registered in January and 45 points below 1979 peak of 167 reached last October.

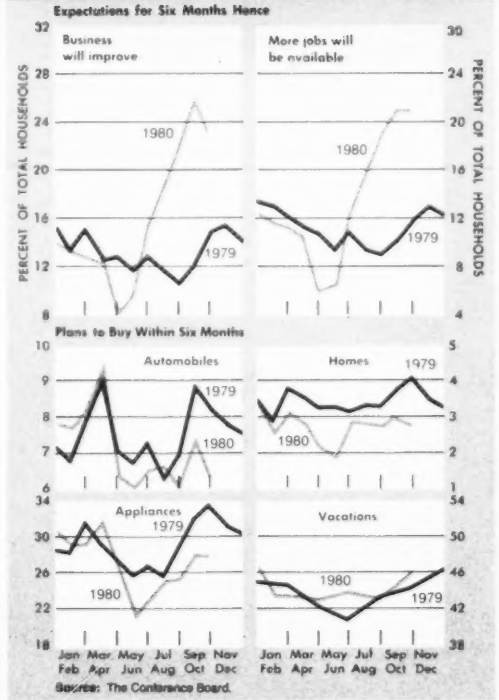
Want-ad volume rose for first time this year in all nine areas of the country measured. Greater than average percentage gain was in West South Central region, an increase of 6.7%, followed by Middle Atlantic (5.9%), and West North Central (4.4%). Help-wanted Index is sensitive to changes in demand for labor, as well as general business conditions.

CONSUMER CONFIDENCE

Consumer confidence rose in October, its fifth gain in a row, The Conference Board reported. The Consumer Confidence Index (1969-1970=100) advanced to 79.2, up from 76.2 in September. Consumers continued to grow more confident about future economic conditions. The Buying Plans Index, however, fell to 90.4, down from 100.4 in September. Consumer expectations are now higher than they have been in two years.

Buying plans, following gain, fell back in October. Some 6.4% of households plan to buy new or used car over next six months, down from 7.4% in September. Plans to buy houses dropped slightly to 2.8%, down from 3%. About 25% of families plan to buy a major appliance compared with about 29% in September. Vacation series showed 46% of households planning a vacation.

Consumer Expectations and Plans To Buy



Source: The Conference Board.

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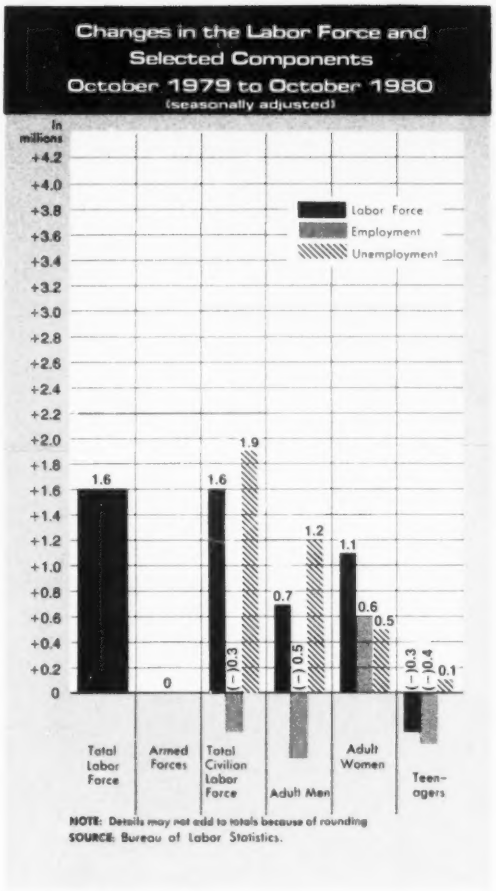

EMPLOYMENT SITUATION

Nation's unemployment rate was about unchanged in October, number of non-farm jobs rose, Bureau of Labor Statistics reported. Overall unemployment rate was 7.6%, about same as prior 2 months. However, jobless rate for adult men declined over month, while rate for women rose sharply. Number of unemployed workers, at 8 million, returned to August level following dip in September. Unemployment was up 1.7 million from October 1979.

October unemployment rate (7.6%) was little changed from September's 7.5% but still below July level of 7.8%. Unemployment rate for adult men dropped to 6.4% in October, rate for adult women rose to 6.8%. Slight increase for teenagers, to 18.4%, followed decline in September.

INDUSTRIAL PRODUCTION

Industrial production rose by estimated 1.6% in October, following gains of 1.0% and 1.3% in August and September, respectively. In October, advances in production were broadly based with large increases in output of motor vehicles and steel. Total industrial production has increased 4% since low in July, but October index, at 146.0% of 1967 average, was still 4.4% below year ago.

FOREIGN INVESTMENTS IN U.S.

Number of foreign manufacturing investments reported in United States is running slightly below last year's level through first nine months of 1980. However, average value of new investments is larger, The Conference Board reported. Foreign firms announced 103 investments during third quarter 1980, bringing total for 1980 to 292. Nine-month total in 1979 was 299. Spending amounted to $4.6 billion, up from $3.8 billion figure reported during first nine-months of 1979.

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JANUARY 1981

PERSONAL FINANCE TRENDS

Personal income at an estimated $2,120 billion in 1980 was approximately 10% above 1979. When account is taken of increases in prices, taxes and population, real per capita disposable personal income in 1980 was about 2% less than in 1979, in contrast to a 1.4% increase that year. All estimates made early in 1981 are, of course, based on incomplete data for 1980.

Personal outlays absorbed about the same percentage of disposable personal income in 1980 as in 1979 while the personal saving rate increased slightly. Increased social security taxes, as well as other taxes, held down the growth in disposable income.

Likely prospects for 1981 are some reduction in inflation, rather nominal growth of personal income, saving and spending. Installment credit will probably grow only slightly.

Comparative percentages in installment credit usage to disposable personal income for each of last three years were as follows:

	Preliminary Estimate 1980	1979	1978
Consumer installment credit extended	17.0%	19.6%	20.5%
Consumer installment credit repaid	17.1%	17.6%	17.4%
Net change in consumer installment credit	−0.1%	2.0%	3.1%

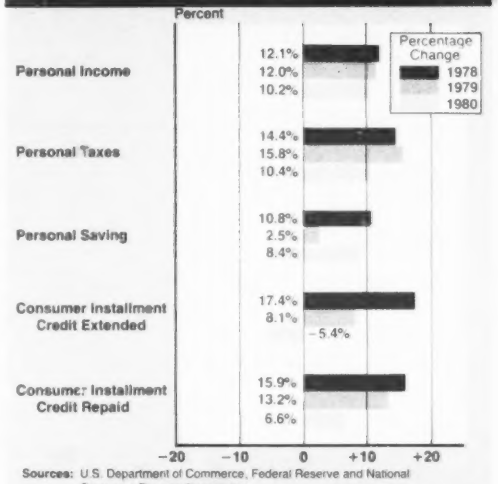
EMPLOYMENT SITUATION

Employment rose in November, and unemployment was about unchanged, Bureau of Labor Statistics reported. Unemployment rate was 7.5%, little different from rates of prior 3 months. Total employment was up by 220,000 over month to 97.4 million. Increase was concentrated among adult women, whose employment had declined in prior 2 months.

CONSUMER CONFIDENCE

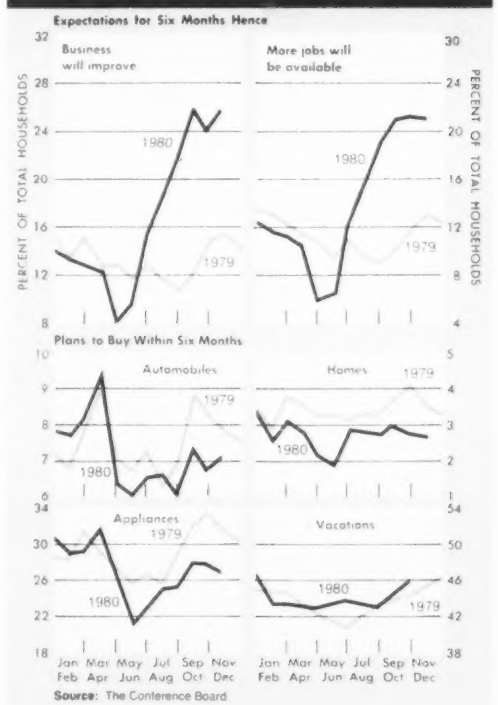
Consumer confidence continued to improve but latest gains were very modest, The Conference Board reported. The Consumer Confidence Index (1969-1970=100) pushed ahead to 83.4 in November, up from 80.2 in October. The Buying Plans Index rose to 94.2, up from 93.8 in October. Although consumer confidence has now scored six monthly gains in a row, increases have been unimpressive during last two months. Latest survey reported only slight improvement in consumer expectations for next six months. Buying plans have remained basically unchanged during last two months. Plans to buy cars and major appliances are up only slightly.

Percentage Changes in Personal Sector Financing 1978, 1979, Preliminary Estimate 1980



Sources: U.S. Department of Commerce, Federal Reserve and National Consumer Finance Association

Consumer Expectations and Plans To Buy

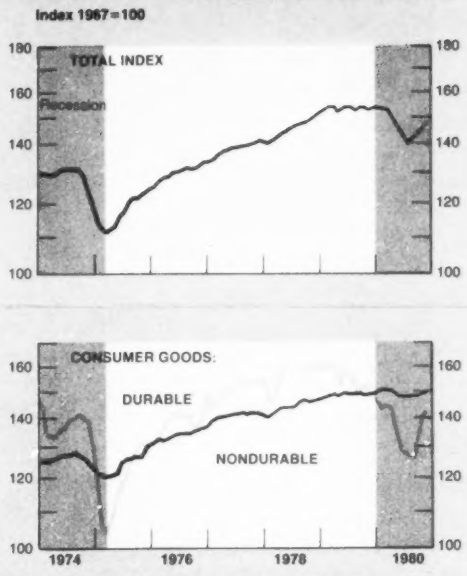


Source: The Conference Board

FINANCE FACTS

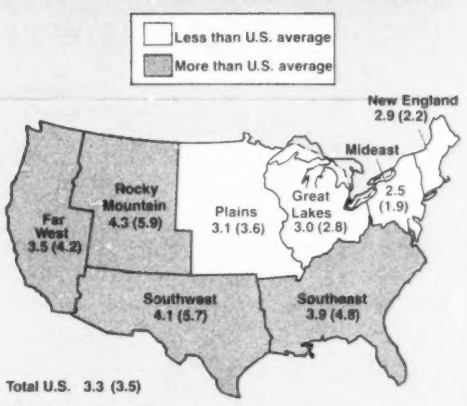
JANUARY 1981

Index of Industrial Production
by months (seasonally adjusted) 1974-1980



Source: Board of Governors of the Federal Reserve System

Projected Average Annual Growth Rate of Total Personal Income 1978-2000
(In Percent)
(1968-1978 Average Growth in Parentheses)



Source: Department of Commerce

INDUSTRIAL PRODUCTION

Industrial production increased estimated 1.4% in November, following increases of 1.8% and 1.5%, respectively, for October and September. In November, output gains were large for most product and material groupings of the index. At 148.5% of 1967 average, index was 5.8% above recent low in July but remained 2.5% below year earlier level.

Output of consumer goods increased 0.8% in November. Autos were assembled at annual rate about 3% higher than in October, but recent industry schedules indicate decrease in December. Production of home goods rose 0.8% in November, smaller increase than in any of preceding three months, output of consumer nondurable goods rose 0.6%, somewhat more than recently.

LABOR OUTLOOK

Union wages and benefits will jump at double-digit levels in 1981, according to The Conference Board's Labor Outlook Panel. The group of eight labor experts (from unions, corporations and academia) does not look for any improvement at all in overall labor productivity in 1981. Pay increases in first year of major contracts are expected to advance by average of 10.2% next year, resulting in 11% increase in labor costs per unit of manufactured output. U.S. employment is likely to continue shifting to non-union sectors, since non-union pay has increased more slowly than union wages for five straight years.

PRODUCER PRICE INDEXES

Producer Price Index for Finished Goods moved up 0.6% from October to November on seasonally adjusted basis, Bureau of Labor Statistics reported. November increase followed 0.8% rise in October. Prices for intermediate goods rose 1.0%, about same as October and substantially more than September. Crude material prices advanced 1.1%, somewhat less than in either of 2 previous months. Among finished goods, price increases slowed for motor vehicles and broad range of capital goods. Consumer food prices rose 0.5% for second consecutive month.

PROJECTIONS OF PERSONAL INCOME

Personal income, measured in 1972 dollars, will increase most rapidly in the next 20 years in Rocky Mountain, Southwest, Southeast, and Far West regions of the United States, according to U.S. Department of Commerce. Personal income growth projected for these regions reflects continuation of the tendency for industries to disperse south and west due to relatively low wage rates, taxes, energy costs, and land costs, and relatively mild climate. Population also is expected to increase most rapidly in the four regions.

States with largest projected personal income growth rates are Nevada (5.3%), Utah (4.6%), Alaska (4.5%), Wyoming (4.5%), Colorado (4.4%), Arizona (4.4%), and Florida (4.4%). Projected growth rate for the nation is 3.3%. States with smallest projected growth rates are New York (2.1%), Massachusetts (2.6%), Pennsylvania (2.6%), Illinois (2.8%), and Connecticut (2.8%).

CONSUMER FINANCIAL BEHAVIOR

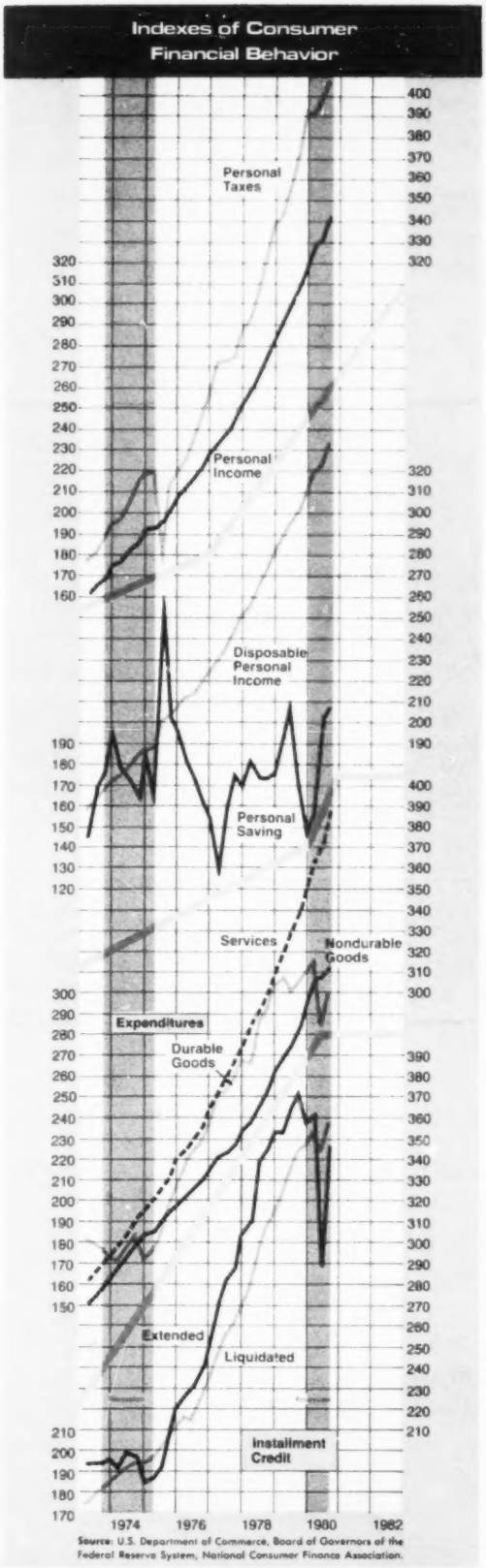
Most indexes were up somewhat in the third quarter of 1980. Largest percentage increase was registered by consumer installment credit extended, up 58.0 points (20.0%) to 347.5 (1967 = 100) from level in second quarter that was at lowest point since third quarter 1977. Only declining index was personal saving, down 3.4 points (1.6%) to 207.6.

Personal income index increased 10.3 points (3.1%) in third quarter 1980. Personal taxes rose 11.4 points (2.9%), and disposable personal income rose 10.0 points (3.1%).

Personal consumption expenditures indexes all rose in third quarter, led by durable goods expenditures, up 18.4 points (6.5%) to 299.6. Nondurable goods expenditures increased 5.5 points (1.8%) and expenditures on services rose 15.4 points (4.1%). Index of consumer installment credit repaid increased 14.9 points (4.3%) to 359.4.

Indexes for third quarter 1979 and second and third quarter 1980 (indexes 1967 = 100) are shown in the following table.

	1979	1980	
	Third Quarter	Second Quarter	Third Quarter
Personal Income	310.7	332.0	342.3
Personal Taxes	373.4	395.4	406.8
Disposable Personal Income	301.2	322.5	332.5
Personal Saving	171.9	211.0	207.6
Durable Goods Expenditures	306.6	281.2	299.6
Nondurable Goods Expenditures	284.4	307.7	313.2
Expenditures on Services	341.5	373.3	388.7
Consumer Installment Credit Extended	373.0	289.5	347.5
Consumer Installment Credit Repaid	346.1	344.5	359.4



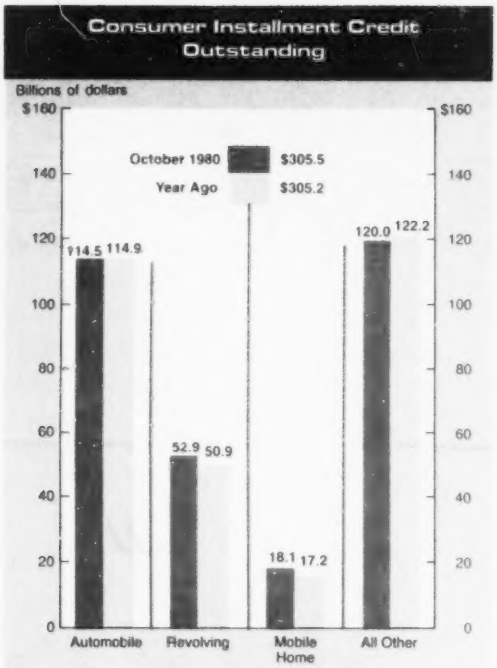
UNION WAGES IN BUILDING TRADES

Union wage rates for building trades in large cities showed largest third quarter increase on record—up 2.1% from July to October 1980, U.S. Department of Labor reported. Raising index of wage rates for building trades to 263.0 (1967=100), this third-quarter gain was over three times as large as 0.6% gain recorded for third quarter 1979. During the past 10 years, wage rates have risen an average 1.2% in the third quarter.

REAL EARNINGS

Real gross average weekly earnings decreased 0.5% from September to October after allowance for usual seasonal variation. A 0.7% increase in average hourly earnings was offset by a 0.3% decrease in average weekly hours and a 1.0% increase in the consumer price index. Over year, real average weekly earnings were down 5.1%.

Real spendable earnings decreased 0.6% from September to October. Over year, real spendable earnings were down 6.0%.



CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end of October 1980 was $305.5 billion. Of this amount $114.5 billion was outstanding in automobile credit, $52.9 billion in revolving credit, $18.1 billion in mobile home credit and $120.0 billion in all other credit (consisting of other consumer goods and personal loans).

During October 1980, total installment credit outstanding increased by $0.7 billion—automobile credit increased by $0.1 billion, revolving credit up $0.3 billion, mobile home credit up $0.1 billion and all other up $0.2 billion.

Net change over month by institution was decrease of $140 million for commercial banks, made up of decreases in automobile ($142 million), revolving ($41 million) and mobile home ($48 million) and increase in all other ($91 million). Finance companies increased $162 million, made up of increases in automobile ($281 million), mobile home ($56 million) and other consumer goods ($65 million) with decrease in personal loans of $238 million. Credit unions decreased just under $0.1 billion and gasoline companies declined $0.2 billion. Retailers increased $0.6 billion, and savings and loans $0.3 billion.

Net increase in installment credit outstanding by type since end October 1979 amounted to $0.2 billion. Revolving credit increased $2.1 billion and mobile home credit $0.8 billion. Automobile credit declined $0.4 billion as did all other credit, $2.2 billion.

Net change by institution over year was increase of $9.3 billion for finance companies, $2.1 billion for retailers, $1.8 billion for savings and loans and $0.9 billion for gasoline companies. Commercial banks decreased $8.3 billion, credit unions $5.3 billion and mutual savings banks by $0.3 billion.

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A Monthly Publication on Consumer Financial Behavior

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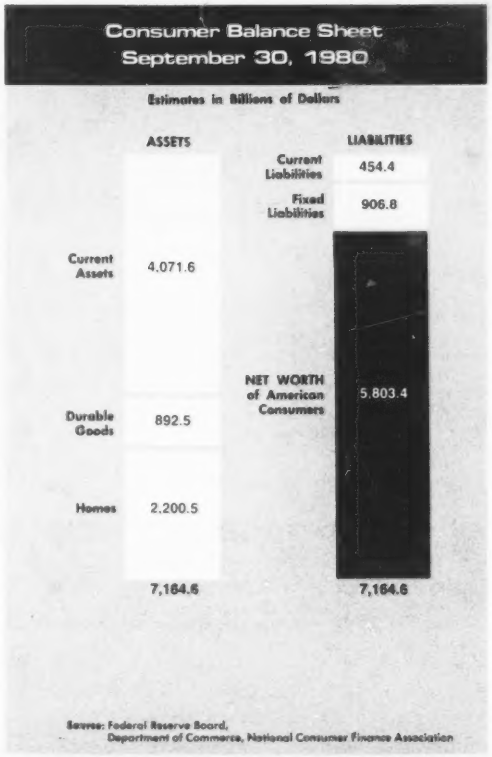
FEBRUARY 1981

CONSUMER BALANCE SHEET

Total assets of consumer are estimated at $7,164.6 billion as of September 30, 1980. At the same time, consumers had liabilities of $1,361.2 billion leaving them a net worth of $5,803.4 billion. All estimates based on revised figures released recently going back several years.

Current (financial) assets were estimated at $4,071.6 billion. Fixed assets included $2,200.5 billion in owner-occupied housing and land, and $892.5 billion as the value of durable goods for a total of $3,093.0 billion. Current liabilities stood at $454.4 billion and fixed liabilities of mortgage debt at $906.8 billion to bring total liabilities to $1,361.2 billion.

Asset and debt position of the American consumer at end of third quarter 1980 showed 10.9 to 1 asset-to-debt ratio of all assets and debts excluding those involving homeownership where the ratio was 2.4 to 1. The ratio of all assets to all debts was 5.3 to 1. Owners' equity stood at 81.0% of consumer assets at end of third quarter 1980.



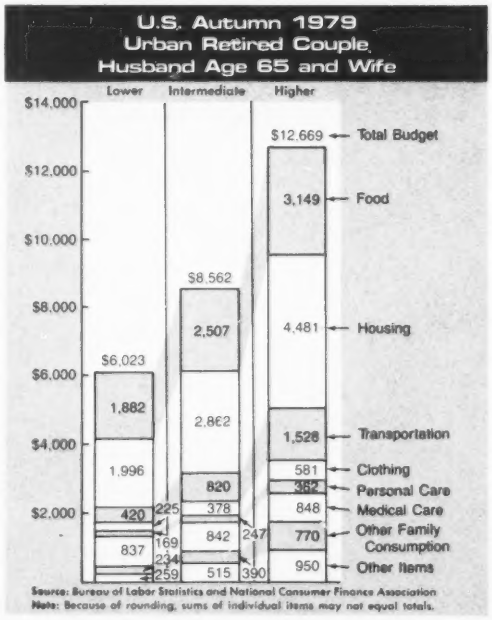
CAPITAL SPENDING

U.S. nonfarm business plans to increase capital spending 5.3% in first quarter 1981 and 4.3% in second quarter, Commerce Department reported. Survey conducted in October and November showed planned spending at seasonally adjusted annual rate of $317.2 billion in first half of year; representing 7.3% increase from second half 1980, compared with increase of 0.8% from first half of 1980 to second half.

RETIRED COUPLE BUDGETS

In autumn 1979, three hypothetical budgets for a retired couple totaled $6,023 at lower level, $8,562 at intermediate level and $12,669 at the higher level. From autumn 1978 to autumn 1979 total cost of lower budget rose 9.2%, intermediate budget rose 9.1% and higher level 9.3%. All levels reflected large increases in transportation, approximately 17% for lower and intermediate budgets and 18% for higher budget. Automobile ownership is greater among those in higher budget and thus private transportation effected that level to greater degree.

Large increases in fuels and utilities had greatest impact on housing costs in lower budget (9%), because those items constitute larger share of housing at that level. Income taxes are not included and medical care costs contain estimates for out-of-pocket costs for Medicare.



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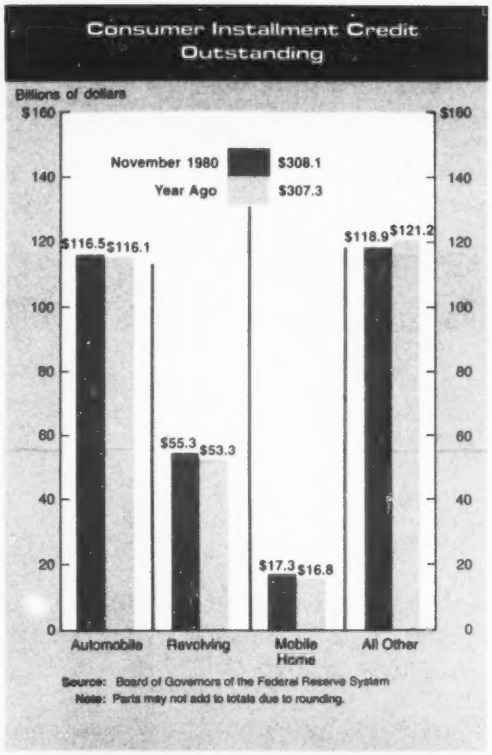
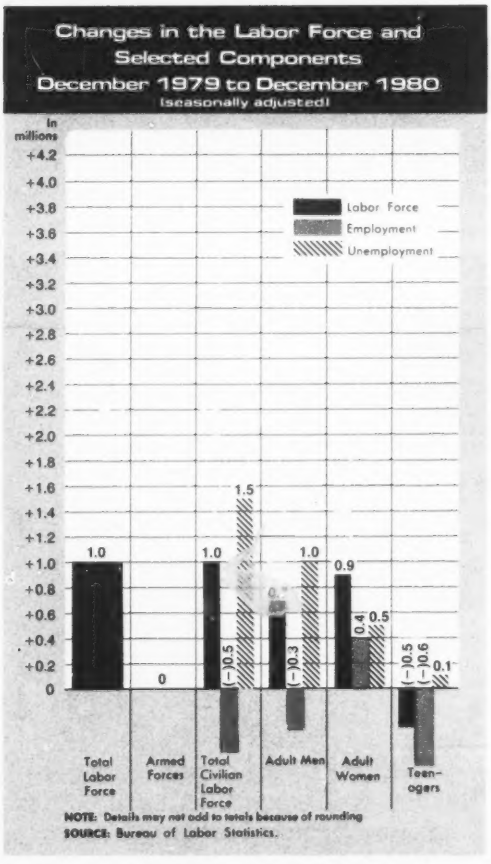




CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end of November 1980 was $308.1 billion. Of this amount $116.5 billion was outstanding in automobile credit, $55.3 billion in revolving credit, $17.3 billion in mobile home credit and $118.9 billion in all other credit (consisting of other consumer goods and personal loans).

During November 1980, total installment credit outstanding increased by $0.8 billion—automobile credit decreased by $0.1 billion, revolving credit up $0.7 billion, mobile home credit up slightly and all other up $0.2 billion.

Net change over month by institution was decrease of $748 million for commercial banks, made up of decreases in automobile ($502 million), mobile home ($50 million) and all other ($225 million), and increase in revolving ($29 million). Finance companies increased $705 million, made up of increases in automobile ($320 million), mobile home ($45 million), personal loans ($281 million) and other consumer goods ($59 million). Credit unions increased just under $0.1 billion. Gasoline companies declined just under $0.1 billion. Retailers increased $0.8 billion, and savings and loans $0.1 billion.

Net increase in installment credit outstanding by type since end November 1979 amounted to $0.7 billion. Revolving credit increased $2.0 billion, mobile home credit $0.5 billion, and automobile credit $0.4 billion. All other credit declined $2.2 billion.

Net change by institution over year was increase of $8.5 billion for finance companies, $0.7 billion for retailers, $1.4 billion for savings and loans, $0.9 billion for gasoline companies. Commercial banks decreased $7.8 billion and credit unions $3.0 billion.

All statistics based on revisions made by the Federal Reserve Board for all holder groups except finance companies.

EMPLOYMENT SITUATION

Both total employment and unemployment in December remained near November levels, Bureau of Labor Statistics reported. Overall unemployment rate was 7.4%, close to levels which have prevailed since May. Total employment was about unchanged in December at 97.3 million, still 500,000 below February 1980 peak. Nonfarm payroll employment rose by 200,000 in December to 91.1 million, its fifth consecutive monthly increase. Overall, job gains in the latter half of 1980 have nearly recouped losses earlier in year, although employment was still sharply down in manufacturing and construction. Factory work-week rose 0.3 hour in December to 40.2 hours.

There was little change in unemployment rates for major demographic groups in December — adult men (6.2%), adult women (6.8%), and teenagers (17.8%). Adult men were most seriously affected age/sex group in 1980 downturn, their rate increased from 4.4% in December 1979 to 6.6% in July-September period before declining slightly in recent months. The rate for adult women increased 1.1 points over year to December 1980 high, while that for teenagers was up 1.5 points in same period.

FINANCE FACTS

FEBRUARY 1981

EXISTING HOME SALES

Sales of existing single-family homes continued to decline in face of rising mortgage interest rates which exceeded 15% in many areas of the country. In November, resale activity declined 8.5% to seasonally adjusted annual rate of 3,020,000 units. This was second consecutive month of declining sales activity, with further declines expected. The affordability problem posed by mortgage rates in excess of 15% has curtailed home sales in every area of the country. Over past two months sales have declined 10.4% in Northeast, 9.7% in South, 8.7% in North Central region, and 18.5% in the West.

Estimate for total volume of existing home transactions in 1980 will be 2,860,000. This is the lowest level of transactions in five years and is one million units below record sales of 1978 when 3,863,000 units changed hands. In November median price of an existing single-family home increased to $64,300, up 15.6% from same month year ago. Price increases were recorded in every area of the country.

SELF-EMPLOYED WORKERS

Number of self-employed Americans rose by more than 1.1 million between 1972 and 1979, according to Bureau of Labor Statistics. This reversed decades of steady decreases. Especially large increase occurred in years 1976-79 when percentage increase in self-employed (12.4%) surpassed comparable increase for wage and salary workers (10.9%). If agricultural self-employed is not included (decline of 210,000), non-agricultural self-employed increased by 1.3 million between 1972 and 1979, with increase especially strong in 1976-79 (17%). Not included in official figures are the incorporated self-employed and those workers who are self-employed at second jobs. Both categories are classified as wage and salary workers.

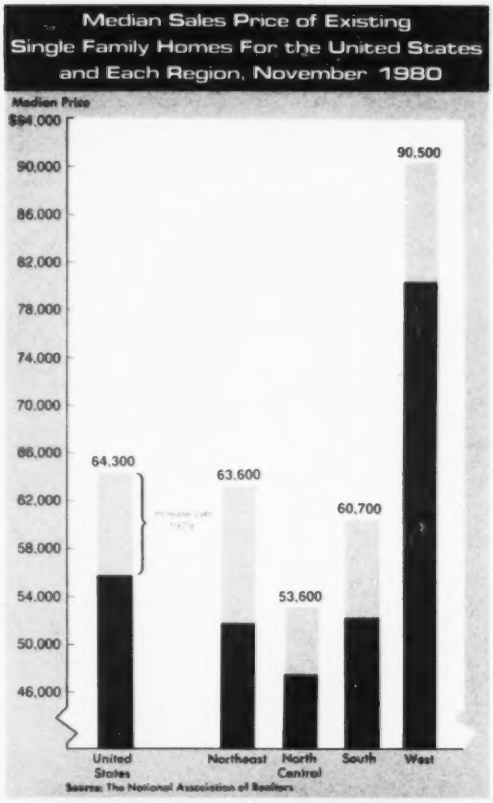
Average age of self-employed has dropped in recent years. Proportion aged 16-44 years rose by 10 percentage points while 45 years and over group declined by same amount. Downward shift in age distribution of self-employed was greater than shift in median age of labor force. The female share of self-employment grew from about one-fifth in 1972 to one-quarter in 1979. Since 1972, female self-employment has increased five times faster than male self-employment.

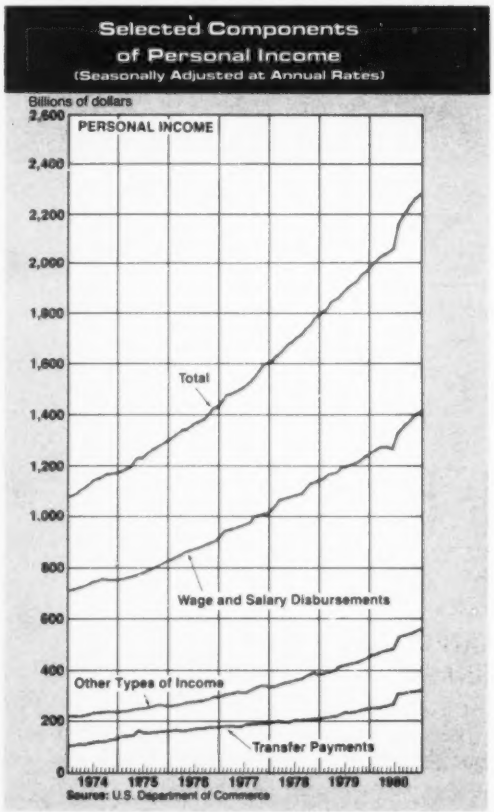
PERSONAL INCOME

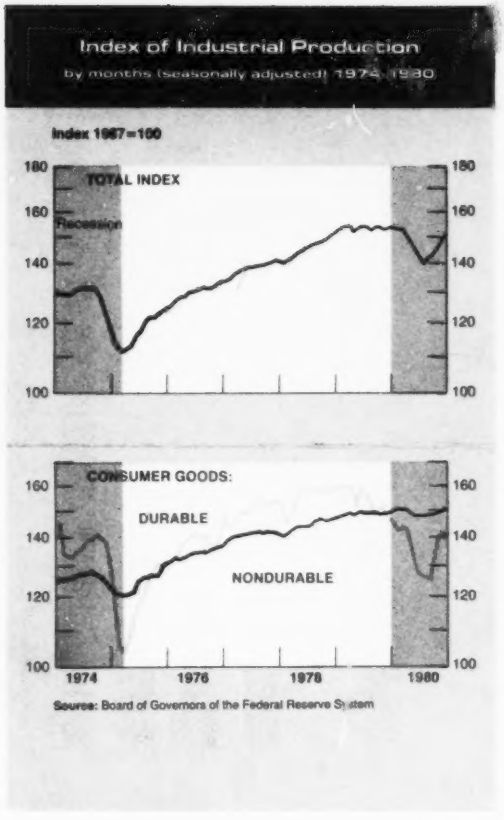
Personal income increased $21.0 billion in December to seasonally adjusted annual rate of $2,281.5 billion, according to U.S. Department of Commerce. In November, personal income increased $25.2 billion.

Wages and salaries and other labor income increased $14.4 billion in December. Nonfarm proprietors' income declined $0.4 billion in December. Income from rent, dividends and interest increased $5.6 billion. Transfer payments increased $1.2 billion.

Personal outlays increased $6.3 billion in December, taxes $5.0 billion and savings $9.7 billion. Purchases of durable goods declined $1.0 billion. Purchases of nondurable goods increased $2.0 billion, purchases of services increased $5.0 billion.







INDUSTRIAL PRODUCTION

Industrial production increased estimated 1.0% in December, reflecting sizable output gains in major product and material groupings of the index with exception of motor vehicles. The December rise followed upward revised increases of 1.6%, 1.9% and 1.6% in preceding three months. Index of industrial production for December, at 150.7% of the 1967 average, was 7.3% above July 1980 low but still 1.2% below year earlier. Preliminary estimate of the index for 1980 shows industrial production to have been 3.5% below output in 1979.

Production of consumer nondurable goods rose strongly in December, due in part to substantial gains in output of residential utilities and consumer fuels. However, output of consumer durable goods declined 1.3%. Autos were assembled in December at an annual rate of 6.3 million units, about 8% below rate in November. Production of construction supplies continued to advance strongly, although more slowly than in preceding months.

MARRIED AND SINGLE WORKERS

Married persons continue to dominate work force, but their share has been declining steadily, Bureau of Labor Statistics reported. From March 1970 to March 1980, proportion of labor force composed of married persons living with their spouses fell from 69% to 61%, while share composed of never-married and divorced persons rose from 24% to 33%.

Marital composition of labor force reflects major demographic and social changes that have occurred during 1970's. Half of more than 20 million increase in labor force during decade was among persons 25-34 years old, now more than 1 of 4 workers. Many tended either to postpone marriage or not to marry. Those who did marry were more than twice as likely to become divorced than were workers of similar age 10 years ago. Result is that only 65% of workers 25-34 years old were married in March 1980, down from 79% decade earlier.

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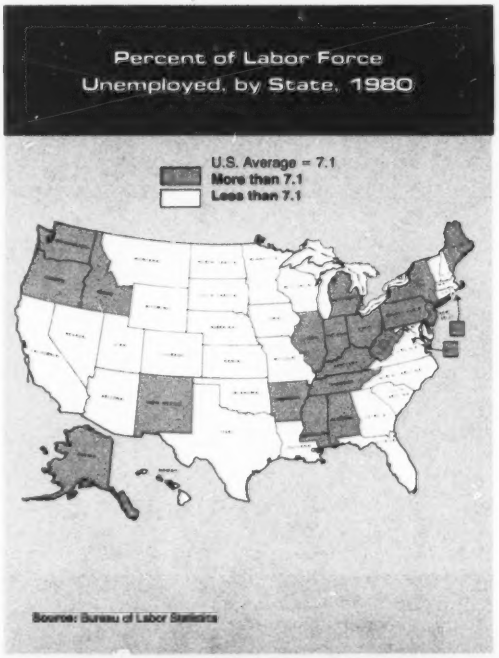
MARCH 1981

UNEMPLOYMENT BY STATES IN 1980

Unemployment rate increases differed widely among the States from the average of 5.8% in 1979 to 7.1% in 1980, according to annual average estimates released by Bureau of Labor Statistics. For example, Michigan's rate rose from 7.8% to 12.6% while Massachusetts' rate went from 5.5% to 5.6%.

Unemployment rates increased significantly in 32 States in all regions in 1980, although some regions were harder hit than others. Of the 32 States with significant unemployment rate increases, 22 rose more than the national increase of 1.3 percentage points, and nine of these more than 2.0 percentage points. Largest increases were in North Central region (Michigan, Illinois, Indiana) where cutbacks were prevelant in automobile related and other durable goods manufacturing employment. Unemployment rates also increased sharply in Kentucky and West Virginia, affected by declines in durable goods and mining employment.

Unemployment rates changed very little in most Northeastern States and in 10 Southern and Western States from 1979 to 1980. Five States had unemployment rates higher than 8.5% in 1980. Michigan was the highest at 12.6%, followed by Alaska and Indiana (9.6%), West Virginia (9.4%), and Alabama (8.8%). Only Alaska had rate this high in 1979. Only three Northwestern farm States had relatively low unemployment rates of less than 4.5% in 1980, Kansas, Nebraska, and Wyoming, in contrast to 12 states in 1979.


Percent of Labor Force Unemployed, by State, 1980
U.S. Average = 7.1
More than 7.1
Less than 7.1
Source: Bureau of Labor Statistics

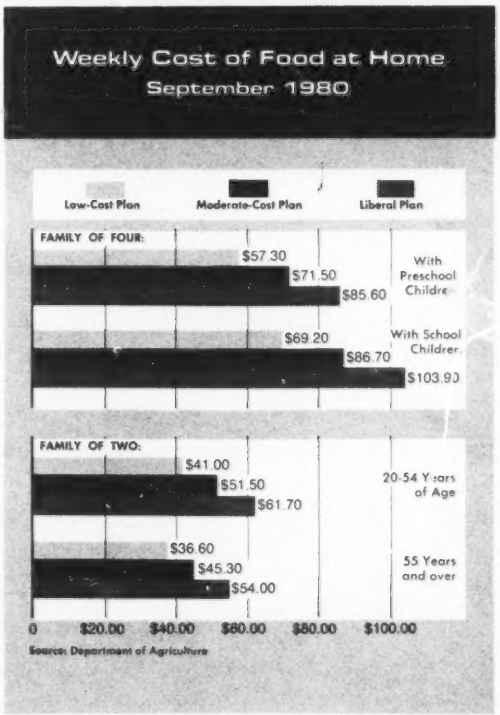
HOME MORTGAGE RATES

Conventional home mortgage rates increased again in early January according to Federal Home Loan Bank Board. Offering rates on new mortgage commitments rose for fifth consecutive month in early January. Latest advance, however, was less than previous rise, and left average rate about 1.25 percentage points below April 1980 peak. Effective rate for conventional loans closed on single-family homes averaged 13.72% in early January.

COST OF FOOD AT HOME

Cost of similar market baskets of food at home rose 10.3% between September 1979 and September 1980. Examples of low-cost plan in September 1980 was $69.20 for food for one week for family of four with school children and $41.00 for family of two between 20 and 54 years of age, compared to $62.30 and $37.10, respectively, for September 1979.

Liberal plan for food at home for one week was estimated to cost family of four with children in school $103.90 and for family of two between 20 and 54 years of age $61.70.



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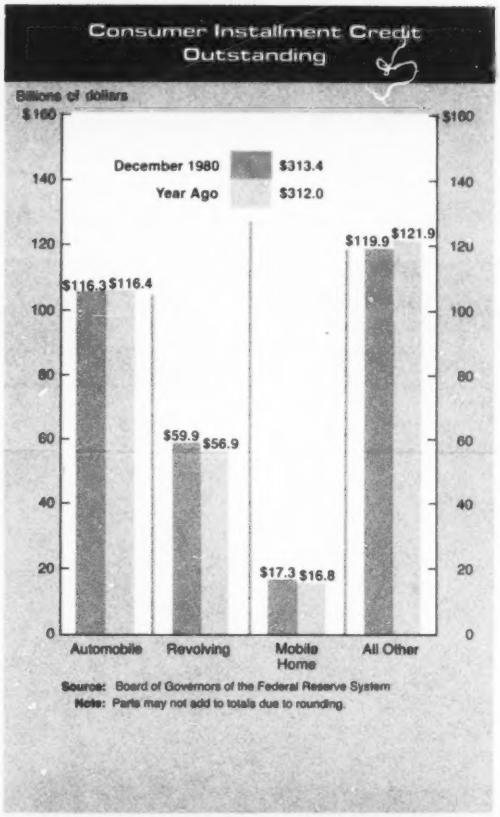
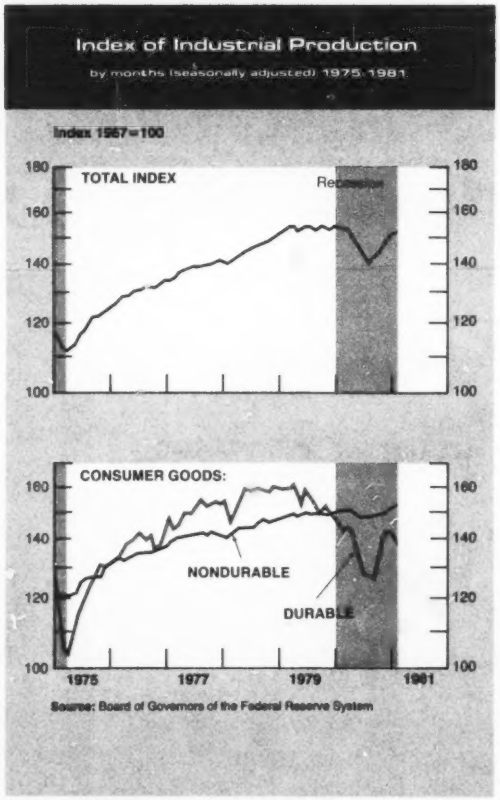




CONSUMER INSTALLMENT CREDIT

Total consumer installment credit as year end 1980 was $313.4 billion. Of this amount $116.3 billion was outstanding in automobile credit, $59.9 billion in revolving credit, $17.3 billion in mobile home credit and $119.9 billion in all other credit (consisting of other consumer goods and personal loans).

During December 1980, total installment credit outstanding increased by $5.4 billion—automobile credit decreased by $0.2 billion, revolving credit up $4.6 billion, mobile home credit up slightly and all other up $1.0 billion.

Net change over month by institution was increase of $0.6 billion for commercial banks, made up of increase in revolving of $1.6 billion and $1.0 billion decrease in automobile, mobile home and all other combined. Finance company outstandings increased $1.1 billion made up of increases in automobile of $0.4 billion and personal loans of $0.5 billion, and all other $0.2 billion. Credit unions increased $0.4 billion. Gasoline companies increased $0.1 billion. Retailers increased $2.9 billion, and savings and loans $0.2 billion.

Net increase in installment credit outstanding by type since year end 1979 amounted to $1.4 billion. Revolving credit increased $2.9 billion, mobile home credit $0.5 billion. Automobile credit declined less than $0.1 billion, all other credit declined $2.0 billion.

Net change by institution over year was increase of $8.4 billion for finance companies, $1.3 billion for retailers, $1.5 billion for savings and loans, and $1.0 billion for gasoline companies. Commercial banks decreased $8.4 billion and credit unions $2.5 billion.

UNION WAGE BUILDING TRADES

Union wage rates for building trades in large cities increased an average of 1.3% from October 1980 to January 1981, U.S. Department of Labor reported. Fourth quarter gain was about twice as large as 0.7% recorded for fourth quarter 1979. During past 10 years, wage rates have risen an average of 0.9% in fourth quarter. For 12 months ended January 2, 1981, the wage increase was 9.9%, highest annual rate of increase for building trades wages since first quarter 1972.

INDUSTRIAL PRODUCTION

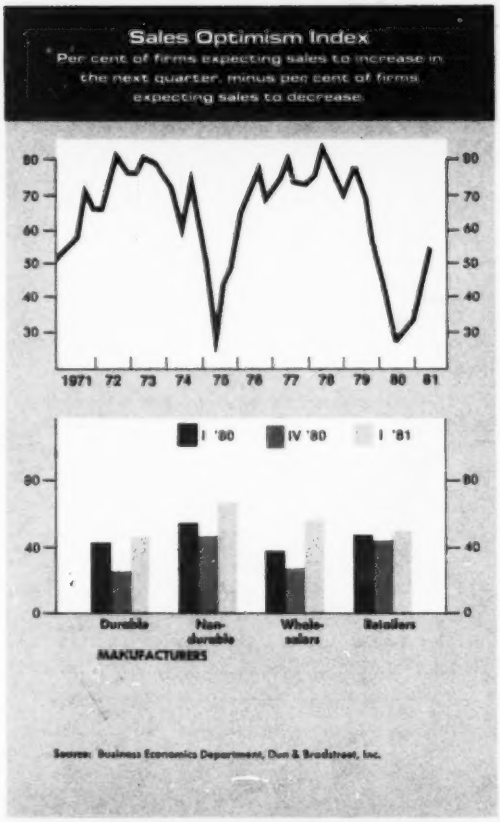
Industrial production increased by an estimated 0.6% in January, following increases of 1.9%, 1.7%, and 1.0% in October, November and December, respectively. Output gains continued to be broadly based, with exception of motor vehicles and steel which declined. Total index in January, 151.8% of 1967 average, was 0.6% below year earlier and 1.1% below March 1979 high.

Total output of consumer goods in January was little changed from December. Autos were assembled at annual rate of 5.4 million units—almost 15% below December and 10% below January 1980 rate. Production of nondurable consumer goods increased strongly—by 0.9%, considerably more than in recent months.

BUSINESSMEN'S EXPECTATIONS

Business optimism took on healthy turn in Dun & Bradstreet survey of expectations for first quarter 1981. Among 1,363 executives interviewed, confidence about sales, new orders, profits and employment stepped up to highest levels seen since second quarter 1980. The Sales Optimism Index (percentage expecting increases minus percentage expecting decreases) jumped to 55 for start of 1981 from 34 in preceding survey about prospects for final quarter 1980. Both wholesalers and manufacturers of non-durable goods virtually equalled 1980 peak of optimism registered in second quarter and topped their readings in initial quarter 1980. Nearly three-fifths of manufacturers looked for rise in new orders, most in a year. Makers of non-durable goods held most cheerful anticipation about bookings in six quarters.

The Profits Optimism Index also turned up, to 40 from 22. This was best reading since 46 in second quarter 1980 but considerably short of its 55-64 in early quarters of 1979. Manufacturers stepped up their sights on the bottom line considerably more than either wholesalers or retailers.



ENERGY PRICES

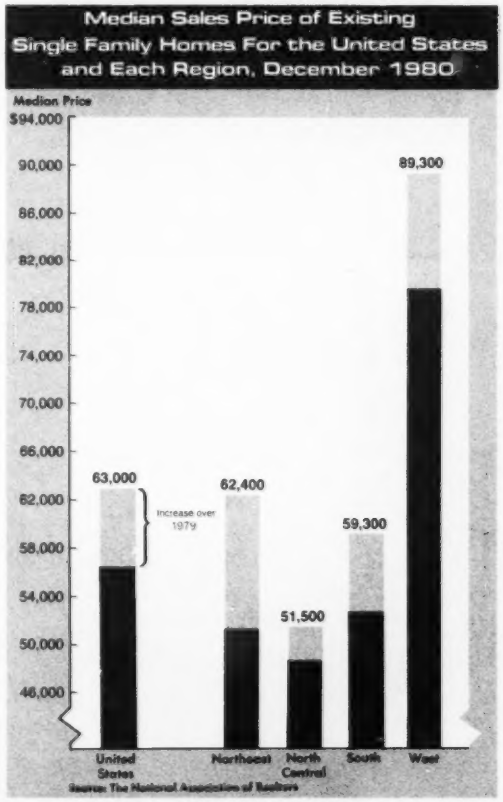
U.S. average price for all types of gasoline increased slightly to $1.231 in December. Prices of leaded regular gasoline averaged $1.197; unleaded regular $1.258; and leaded premium $1.310. In 28 cities for which gasoline prices are published, prices of all types of gasoline averaged highest in Honolulu, Anchorage, and San Francisco and lowest in Houston, Kansas City, and Dallas.

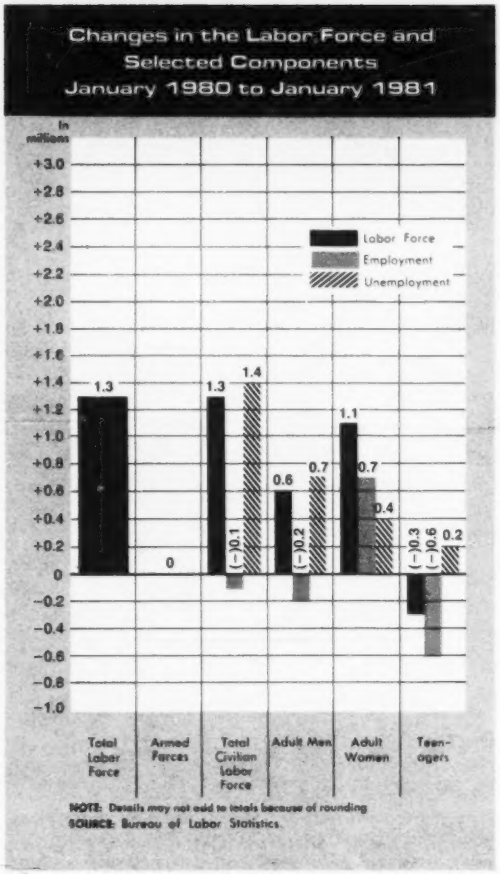
U.S. average price per gallon of fuel oil rose 4 cents to $1.066 for December. In 16 cities for which fuel oil prices are published, price per gallon averaged highest in Seattle, Buffalo, and Washington, DC and lowest in Milwaukee and Baltimore.

EXISTING HOME SALES

High level of mortgage interest rates continued to have effect on resale market. Sales of existing single-family homes declined by 2% in December to seasonally adjusted annual rate of 2,960,000 units, third consecutive monthly drop in resale activity, according to National Association of Realtors. Sales drop in December would have been sharper had it not been for creative financing techniques. Many report that majority of their sales are being made without new mortgage money from institutional lenders. Most popular techniques are assumptions, seller financing, and land contracts.

Resale market in 1980 recorded poorest performance in five years, sales of existing homes totaled 2,881,000 units, a drop of 22% from 1979 level and almost one million units below record sales rate set in 1978. Selling prices of resale properties dropped somewhat in December as median sales price declined by $1,300 to $63,000. However, prices are still 11.5% ahead of same month last year. Northeast region had steepest year-to-year advance of 21.4%, while North Central states had smallest at 5.7%.





EMPLOYMENT SITUATION

Employment rose in January and unemployment was unchanged, after seasonal adjustment, U.S. Department of Labor reported. Overall unemployment rate was 7.4%, same as in December and little different from rates which have prevailed since May 1980. Total employment rose 410,000 over month to 97.7 million. Nonfarm payroll employment advanced by 375,000 in January to 91.5 million. Factory workweek was up 0.3 hour over month. Both employment and hours measures have risen steadily since last July.

Unemployment rates for adult men (6.0%) and adult women (6.7%) were also about unchanged over month. Jobless rates for teenagers (19.0%) increased. Rates for most major worker groups remained substantially higher than their year-ago levels. Average duration of unemployment increased nearly 1 week to 14.4 weeks, highest level in 3.5 years.

PERSONAL INCOME

Personal income increased $21.3 billion in January to seasonally adjusted annual rate of $2,298.1 billion, according to U.S. Department of Commerce. In December, personal income increased $19.7 billion.

Personal outlays increased $24.9 billion in January and taxes $7.1 billion. Savings declined $10.7 billion. Purchases of durable goods increased $7.5 billion, purchases of nondurable goods increased $8.9 billion, purchases of services increased $8.3 billion.

Increase in personal income in January was affected by two special factors: an increase in minimum wage added about $2.0 billion at an annual rate; increase in social security rate from 6.13% to 6.65% with increase in taxable wage base from $25,900 to $29,700 decreased personal income by about $8.8 billion at an annual rate.

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APRIL 1981

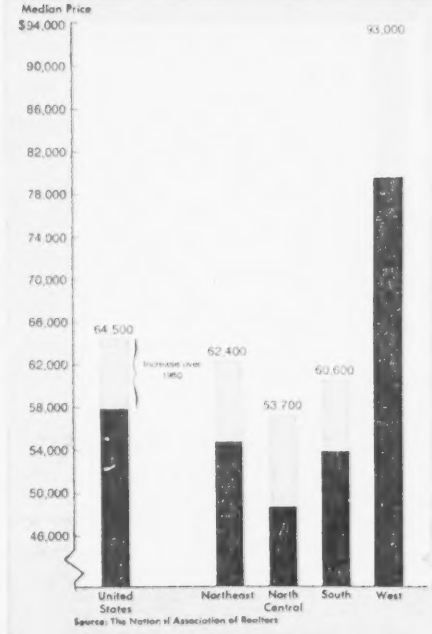
EXISTING HOME SALES

Sales of existing single-family homes in January declined 11.3% to seasonally adjusted annual rate of 2,580,000. This marks fourth consecutive month of declining sales activity. During this period sales rates have fallen by 21%. Sales in January were down 22% in Northeast region, 15% in North Central, and 18% in the West. Sales in the South experienced smallest decline, falling 1%.

Median sales price of single-family home in January rose $1,500 to $64,500. This is 11.4% higher than same month year ago when median priced home sold for $57,900.

Over past dozen years price appreciation on single-family homes has either matched or outpaced overall inflation rate, with exception of 1980. Nationally, median sales price on existing single-family home in 1980 increased to $62,200, up from $55,700 in 1979. This 11.7% increase compares to 13.5% increase in Consumer Price Index.

Median Sales Price of Existing Single Family Homes For the United States and Each Region, January 1981



Source: The National Association of Realtors

EMPLOYMENT OF WOMEN, 1968-1978

Women filled more than one-half of the 18.5 million nonagricultural jobs created between 1968 and 1978, according to a Bureau of Labor Statistics report. Most of these jobs were in rapidly expanding service-producing sector. Proportion of women on nonagricultural payrolls increased from 36% in 1968 to 41% in 1978. Almost all of change occurred in service-producing sector, where women accounted for 47% of the jobs in 1978—up from 42% in 1968. Proportion of women in goods-producing sector edged off slightly.

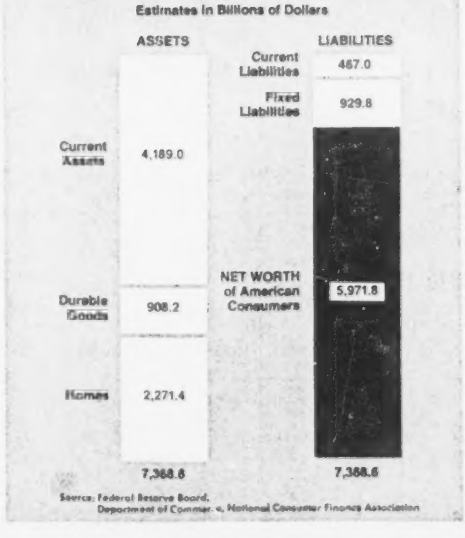
CONSUMER BALANCE SHEET

Total assets of consumers are estimated at $7,368.6 billion as of December 31, 1980. At the same time, consumers had liabilities of $1,396.8 billion leaving them a net worth of $5,971.8 billion.

Current (financial) assets were estimated at $4,189.0 billion. Fixed assets included $2,271.4 billion in owner-occupied housing and land, and $908.2 billion as the value of durable goods for a total of $3,179.6 billion. Current liabilities stood at $467.0 billion and fixed liabilities of mortgage debt at $929.8 billion to bring total liabilities to $1,396.8 billion.

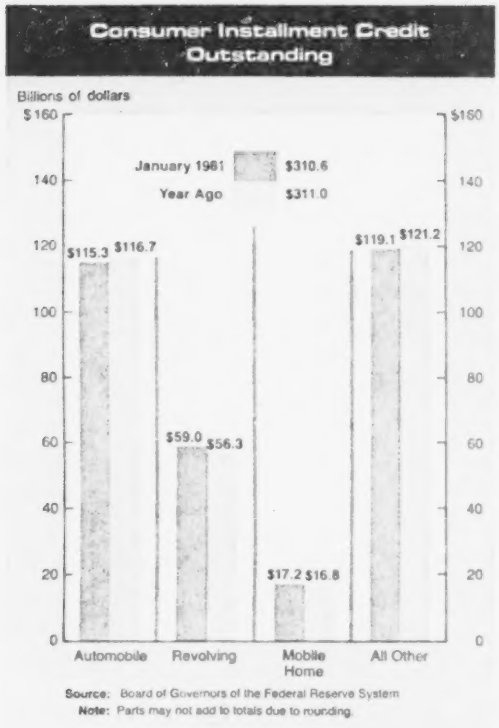
Asset and debt position of the American consumer at year-end 1980 showed 10.9 to 1 asset-to-debt ratio of all assets and debts excluding those involving homeownership where the ratio was 2.4 to 1. The ratio of all assets to all debts was 5.3 to 1. Owners' equity stood at 81.0% of consumer assets at year-end 1980.

Consumer Balance Sheet December 31, 1980

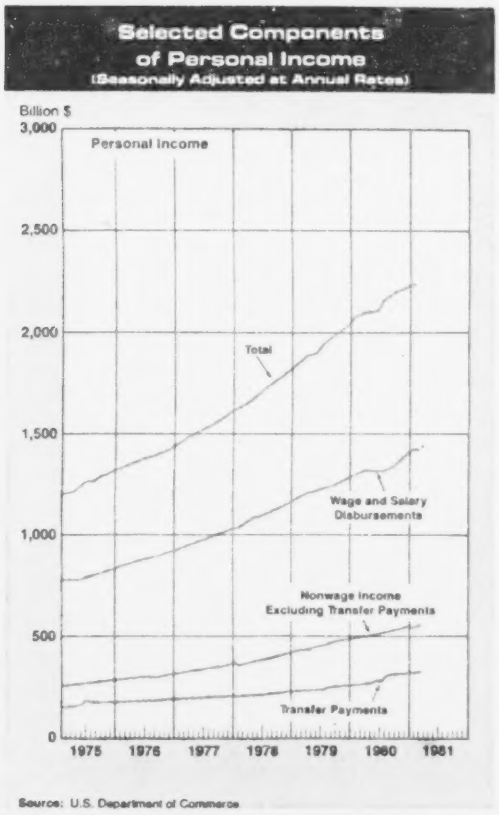


Source: Federal Reserve Board, Department of Commerce, National Consumer Finance Association

FINANCE FACTS
APRIL 1981



Source: Board of Governors of the Federal Reserve System
Note: Parts may not add to totals due to rounding.



Source: U.S. Department of Commerce

CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end January 1981 was $310.6 billion. Of this amount $115.3 billion was outstanding in automobile credit, $59.0 billion in revolving credit, $17.2 billion in mobile home credit and $119.1 billion in all other credit (consisting of other consumer goods and personal loans).

During January 1981, total installment credit outstanding decreased by $2.9 billion — automobile credit decreased $1.1 billion, revolving credit $0.9 billion, mobile home credit $0.1 billion and all other $0.9 billion.

Net change over month by institution was decrease of $2.0 billion for commercial banks, made up of decrease in automobile of $1.4 billion and $0.6 billion decrease in revolving, mobile home and all other combined. Finance company outstandings increased $0.4 billion made up of increase in automobile of $0.6 billion and decrease of $0.2 billion in personal loans, mobile homes and all other combined. Credit unions decreased $0.4 billion. Gasoline companies increased $0.2 billion, and savings and loans $0.1 billion. Retailers decreased $1.1 billion.

Net change in installment credit outstanding by type since end of January 1980 amounted to decrease of $0.5 billion. Revolving credit increased $2.7 billion, mobile home credit $0.4 billion. Automobile credit declined $1.5 billion, all other credit down $2.1 billion.

Net change by institution over year was increase of $8.4 billion for finance companies, $1.1 billion for retailers, $1.6 billion for savings and loans and $1.0 billion for gasoline companies. Commercial banks decreased $9.9 billion and credit unions $2.9 billion.

PRODUCER PRICE INDEXES

Producer Price Index for Finished Goods moved up 0.8% after seasonal adjustment from January to February, U.S. Department of Labor reported. February rise followed 0.9% advance in January and 0.5% increase in December.

PERSONAL INCOME

Personal income increased $15.0 billion in February to seasonally adjusted annual rate of $2,313.7 billion, according to U.S. Department of Commerce. In January, personal income increased $22.2 billion.

Wages and salaries and other labor income increased $8.5 billion in February. Nonfarm proprietors' income increased $0.4 billion in February, farm proprietors' income down $0.7 billion. Income from rent, dividends and interest increased $7.2 billion. Transfer payments decreased $0.2 billion.

Personal outlays increased $23.5 billion in February, taxes up $1.8 billion. Saving declined $10.3 billion. Purchases of durable goods increased $6.4 billion. Purchases of nondurable goods increased $12.6 billion, purchases of services increased $4.2 billion.

CONSUMER FINANCIAL BEHAVIOR

Most indexes were up slightly in the fourth quarter of 1980. Largest percentage increase was registered by durable goods expenditures, up 13.2 points (7.0%) to 201.1 (1972 = 100). Only declining index was personal saving, down 22.6 points (10.7%) to 189.2.

Personal income index increased 7.7 points (3.4%) in fourth quarter 1980. Personal taxes rose 12.6 points (5.2%), and disposable personal income rose 6.9 points (3.0%).

Installment credit indexes rose in fourth quarter; consumer installment credit extended, up 8.6 points (4.3%) to 210.9 and credit repaid up 1.3 points (0.6%) to 226.0 and still above the credit extended index. Nondurable goods expenditures increased 9.3 points (4.1%) and expenditures on services rose 7.5 points (3.1%).

For year 1980, both personal income and disposable personal income increased about 11% over 1979, with personal taxes up 12%. Personal saving increased over 18%, with consumer installment credit extensions down 5.5%, and durable goods expenditures down 0.2% from 1979.

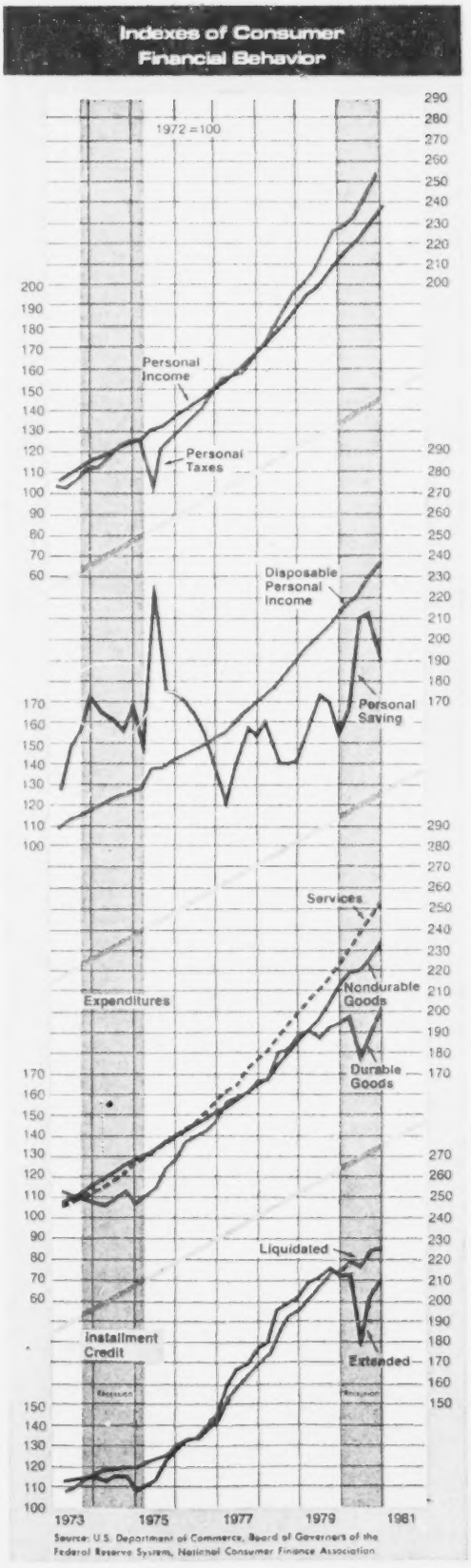
Indexes for fourth quarter 1979 and third and fourth quarter 1980 (indexes 1972 = 100) are shown in the following table:

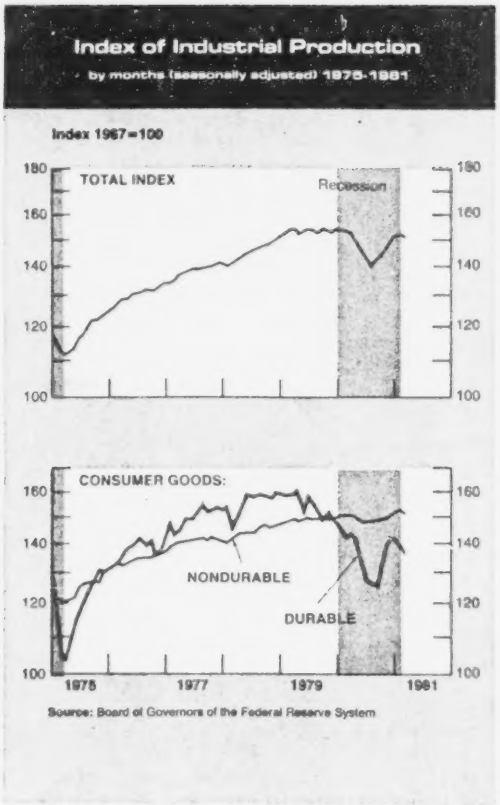
	1979	1980	
	Fourth Quarter	Third Quarter	Fourth Quarter
Personal Income	213.6	229.4	237.1
Personal Taxes	228.2	242.2	254.8
Disposable Personal Income	211.0	227.2	234.1
Personal Saving	153.4	211.8	189.2
Durable Goods Expenditures	194.5	187.9	201.1
Nondurable Goods Expenditures	212.6	224.3	233.6
Expenditures on Services	223.5	245.7	253.2
Consumer Installment Credit Extended	212.8	202.3	210.9
Consumer Installment Credit Repaid	214.7	224.7	226.0

INTERNATIONAL TRAVEL

International travel by people from other countries has grown rapidly while American travelers have increased much less, according to The Conference Board. In 1970, 22 million Americans went abroad, 5.2 million of whom went overseas; in 1979 the numbers were 23 million and 7.8 million, respectively. During same period, number of German tourists rose from 12 million to almost 23 million, Japanese travelers went from 600,000 to over 4 million. In 1971, U.S. travelers spent $4.3 billion, while German travelers spent $3.5 billion; in 1979, U.S. expenditures were $9.4 billion, those of Germans $18 billion.

Since 1970, number of overseas visitors to the U.S. has tripled, while number of U.S. visitors overseas rose by only 50%. Largest number of overseas tourists came from the U.K., Germany, France, and Japan. Over half of 20 million visitors to U.S. came from Canada. Of total estimated U.S. travel receipts in 1979 of $8.3 billion, about $2 billion each came from Canadian and Mexican travelers, over $4 billion from overseas.





INDUSTRIAL PRODUCTION

Industrial production declined estimated 0.5% in February, following successively smaller monthly increases since October 1980. In February, declines occurred in most major components of index, with large decreases in durable goods for the home and construction supplies. At 150.8% of 1967 average, index was fractionally below December 1980 level and about 1% below level year earlier.

Output of consumer goods declined 0.6% in February; reduction was limited by moderate increase in automotive products. Production of home goods declined sharply and output of consumer nondurable goods was reduced moderately. Production of business equipment edged down in February. Output of construction supplies fell sharply, 2.6%, after rising average of 1.5% in each of three preceding months.

EMPLOYMENT SITUATION

Overall employment situation was little changed from January to February, U.S. Department of Labor reported. Nation's unemployment rate was 7.3% in February; it had been 7.4% in prior two months. Total employment edged up in February to 97.9 million.

CAPACITY UTILIZATION

Capacity utilization rates for manufacturers and producers of industrial materials declined in February. Rate for manufacturing fell 0.7 of percentage point to 79.3% of capacity, and rate for industrial materials producers decreased 0.5 of percentage point to 81.2%. Although rates had increased for six consecutive months prior to February, they still were below levels in early 1980.

Within manufacturing, declines in utilization rates were widespread in February. Operating rate for motor vehicles and parts industry declined moderately, to about 57% of capacity, rate far below historical norm.

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5/9/81 A 7475-1

MAY 1981

CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end February 1981 was $309.2 billion. Of this amount $115.7 billion was outstanding in automobile credit, $57.6 billion in revolving credit, $17.2 billion in mobile home credit and $118.8 billion in all other credit (consisting of other consumer goods and personal loans).

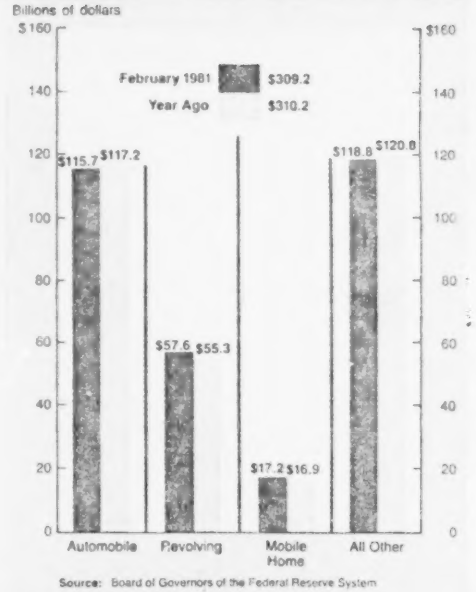
During February 1981, total installment credit outstanding decreased by $1.4 billion — automobile credit increased $0.4 billion. Revolving credit was down $1.4 billion, as were mobile home credit ($0.1 billion) and all other credit ($0.3 billion).

Net change over month by institution was decrease of $1.7 billion for commercial banks. Finance company outstandings increased just under $1.0 billion, made up mostly of automobile credit. Credit at retailers declined $1.0 billion. Credit unions increased $0.2 billion, savings and loans were up $0.2 billion.

Net decrease in installment credit outstanding since end of February 1980 amounted to of $1.0 billion. Revolving credit increased $2.3 billion, mobile home credit $0.3 billion. Automobile credit declined $1.5 billion, all other credit down $2.1 billion.

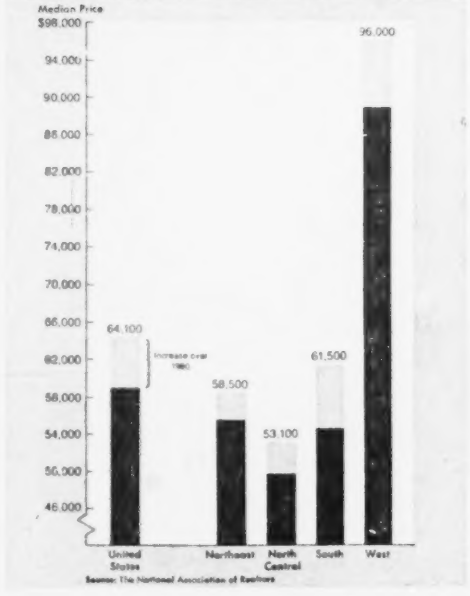
Over the year finance company increase was $8.5 billion, retailers $1.1 billion, savings and loans $1.6 billion, gasoline companies $1.1 billion and mutual savings banks $0.2 billion. Commercial bank outstandings decreased $11.3 billion and credit unions $2.2 billion.

Consumer Installment Credit Outstanding



Source: Board of Governors of the Federal Reserve System
Note: Parts may not add to totals due to rounding

Median Sales Price of Existing Single Family Homes For the United States and each Region, February 1981



Source: The National Association of Realtors

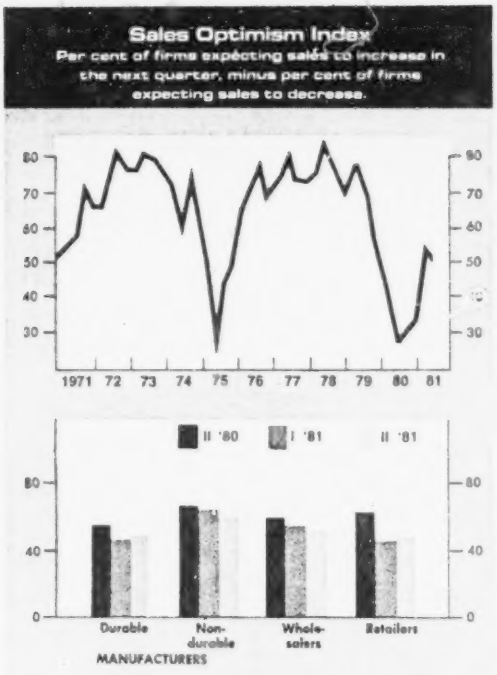
EXISTING HOME SALES

Steep decline in home sales came to a halt in February. However, sales of existing single-family homes were still at depressed level. February resales were at seasonally adjusted annual rate of 2,560,000 units, just below rate reported for January and 22% below sales level of five months ago.

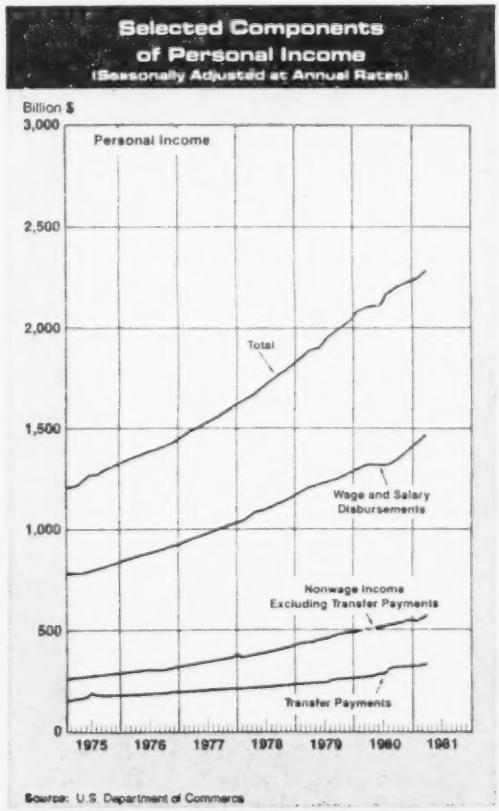
In February, median sales price of an existing single-family home dipped $400 to $64,100. Overall, home prices in February were 8.6% higher than same month year ago when median priced home sold for $59,000.

Increase in home prices during year was not enough to offset decrease in unit sales, causing volume of activity to slide from $237.6 billion in 1979 to $209.7 billion in 1980 — drop of 11.7%. Between 1974 and 1979 sales advanced from $81.3 billion to $237.6 billion — threefold gain over five year period.

FINANCE FACTS
MAY 1981



Source: Business Economics Department, Dun & Bradstreet, Inc.



Source: U.S. Department of Commerce

BUSINESSMEN'S EXPECTATIONS

Business optimism lost some momentum in Dun & Bradstreet's latest survey of expectations of 1,393 executives. Confidence about sales and profits for second quarter 1981 dipped slightly, it remained above low prevailing in latter half of 1980. Shift in outlook appears to reflect that economy currently is fluctuating in a narrow range, neither strong nor weak.

Sales Optimism Index (percentage expecting increases minus percentage expecting decreases) eased to 51 for second quarter from 55 registered in first quarter. Still short of reading of 61 in second quarter 1980, index was lowest for any second quarter since 1975. Most of slump in confidence on sales prospects was concentrated among manufacturers of non-durable goods. Durable goods makers and retailers shifted to slightly better views.. Profits Optimism Index changed very little, off 2 points to 38 from 40.

PLANS IN CAPITAL SPENDING

U.S. nonfarm business plans to increase spending for new plant and equipment 10.2% in 1981, to $325.7 billion (data not adjusted for price changes), according to a survey conducted by Commerce Department. Spending was $295.6 billion in 1980, 9.3% more than in 1979. Capital goods prices increased 9% in 1980, indicating little change in real investment.

MORTGAGE RATES

Conventional home mortgage commitment rates increased in early March, sixth advance in the last seven months according to The Federal Home Loan Bank Board. In early March, average effective commitment rate quoted by major lenders for conventional loans for purchase of newly built, single-family homes with 75% loan-to-price ratio and a 25-year term to maturity was 15.47%. Rates on actual loan transactions rose to a new high in early March. At 14.24%, average effective rate for conventional loans closed on single-family homes was seventh consecutive monthly advance. March average rate topped previous high of 14.01% reached last May.

PERSONAL INCOME

Personal income increased $17.7 billion in March to seasonally adjusted annual rate of $2,334.9 billion, according to U.S. Department of Commerce. In February, personal income increased $16.3 billion.

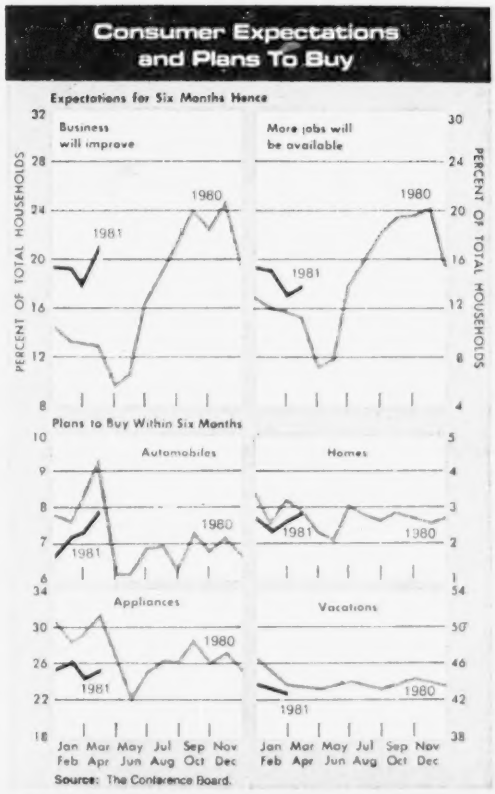
Wages and salaries and other labor income increased $11.9 billion in March. Nonfarm proprietors' income increased $0.8 billion in March, farm proprietors' income down $0.8 billion. Income from rent, dividends and interest increased $4.5 billion. Transfer payments increased $1.8 billion.

Personal outlays increased $13.0 billion in March, taxes up $3.7 billion. Saving increased $1.0 billion. Purchases of durable goods declined $3.2 billion. Purchases of nondurable goods declined $1.1 billion, purchases of services increased $16.9 billion.

CONSUMER CONFIDENCE

Consumer confidence scored impressive gain in March, The Conference Board reported. The Consumer Confidence Index (1969-1970=100) jumped to 71.3, up more than 10 points over February. The Buying Plans Index climbed to 98.2, up from 91.9 in February. Consumers have turned more optimistic about both future business and employment prospects. More than 21% expect business conditions to improve during next six months, up from less than 18% in February. Only 22% expect fewer jobs over next six months, down from about 28% in February.

Plans to buy automobiles moved to their highest level in a year. Some 7.9% of families plan to buy new or used car during next six months, up from 7.3% in February. Home-buying plans moved ahead to 2.9%, rise from 2.6% in February. Plans to buy major appliances reached 25.3%, up from 24.3% in March.



PRODUCER PRICE INDEXES

Producer Price Index for Finished Goods moved up 1.3% on seasonally adjusted basis from February to March, U.S. Department of Labor reported. March advance followed increases of 0.8% in February and 0.9% in January. Prices for intermediate materials climbed 1.1%, far more than in February but about same as in January. Crude material prices decreased 1.3%, third decline in last 4 months.

HELP-WANTED INDEX

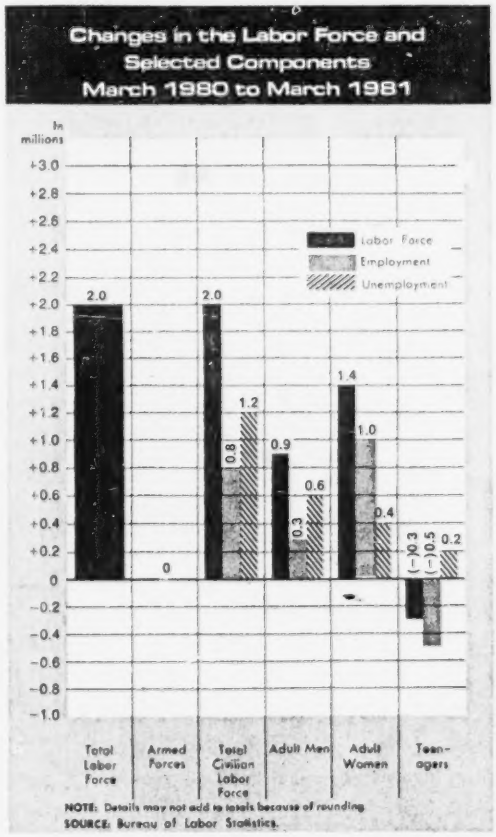
The Help-Wanted Advertising Index inched upward in February, The Conference Board reported. Seasonally-adjusted Index now sits at 129 (1967=100), one point above figure recorded in January. However, current reading is still 22 points below year-ago level of 151. Want-ad volume rose in six areas of the country and decreased in two. Greatest percentage gain of 5.5% was recorded by East North Central region, followed by Pacific's increase of 2.3%. Largest decline occurred in East South Central area, volume dropped by 4.5%. South Atlantic region remains unchanged.

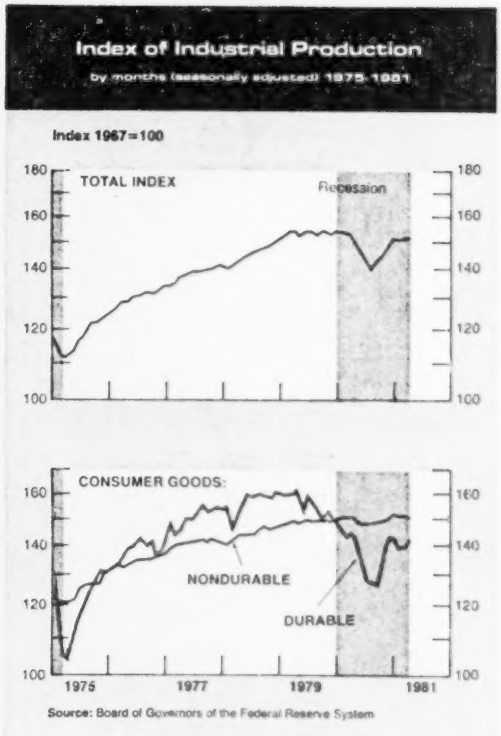
The Help-Wanted Index measures the volume of classified advertising in 51 major newspapers across the nation. It is sensitive to changes in demand for labor, as well as general business conditions.

EMPLOYMENT SITUATION

Unemployment was unchanged in March, U.S. Department of Labor reported. Nation's unemployment rate was 7.3%, same as it had been in February but down from 1980's high of 7.6%. The series on total employment showed an increase of nearly 500,000 in March to 98.4 million. Series on nonfarm payroll employment was unchanged over month at 91.6 million.

Unemployment rates for most major worker groups have been relatively stable for past several months. March rates were 7.1% for full-time workers, 5.9% for adult men, 6.6% for adult women, 19.1% for teenagers.





INDUSTRIAL PRODUCTION

Industrial production increased estimated 0.4% in March, following decline of similar magnitude in February, Federal Reserve reported. Most of March gain was due to increase in output of autos, trucks, and related parts; changes in other groupings were mixed. At 151.7% of 1967 average, March index was 8.0% above July 1980 low but slightly below year-earlier level. Industrial output in first quarter 1981 averaged 1.6% higher than in fourth quarter 1980.

Output of consumer goods increased 0.5% in March, reflecting 7.6% rise in automotive products. Autos were assembled at annual rate of 6.5 million units—about 12% more than February. Production of home goods edged up in March, output of consumer nondurable goods decreased slightly further.

BUSINESS CONFIDENCE

Nation's business leaders have turned cautious about both U.S. economy and their own prospects, The Conference Board reported. The Conference Board's Measure of Business Confidence declined to 58 (on scale of 0-100) in first quarter 1981, down from 63 in fourth quarter 1980. The Confidence Measure is based on the views of about 1500 chief executives across the U.S.

Score for top executives' appraisal of current economic conditions slid to 50 in first quarter 1981, down from 59 in fourth quarter 1980. Score of 50 is neutral rating, indicating that current conditions are roughly unchanged from six months ago. Expectations for economy six months ahead registered 63 in first quarter, down from 67 in fourth quarter, and expectations for executives' own industries dropped slightly from 63 to 61. Scores in 60s reflect average expectation that conditions six months from now will be somewhere between unchanged and "moderately better."

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JUNE 1981

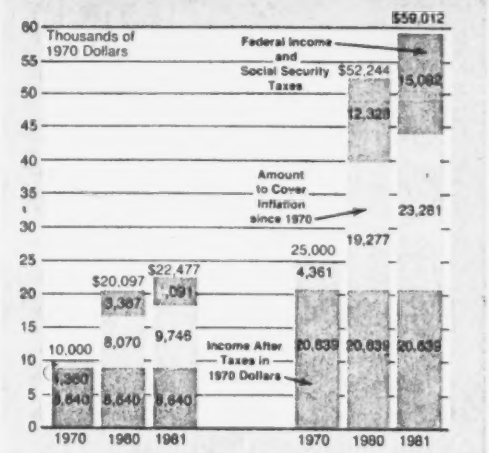
PURCHASING POWER

Family of four must earn over $22,000 today to maintain purchasing power of $10,000 in 1970, according to The Conference Board. Most of this required increase is due to inflation that has cut purchasing power by more than half since 1970. Although federal income taxes have been cut over decade, inflation of money income pushes middle-income family into higher effective tax rate, and social security taxes and limits have increased.

The $10,000 family in 1970 needed $20,097 in 1980 and will need $22,477 in 1981 to stay even. Of the $22,477, $9,746 of after-tax income is needed to cover inflation since 1970. Federal income and social security taxes will siphon off another $4,091 this year.

For the $25,000 family in 1970, income after taxes resulted in $20,639. The same family in 1981 would require $59,012 — $15,092 to pay Federal taxes and $23,281 to cover inflation — to have maintained constant purchasing power over the decade.

Pretax Income in 1980 and 1981 Necessary to Equal 1970 Purchasing Power



Source: The Conference Board.

HELP-WANTED INDEX

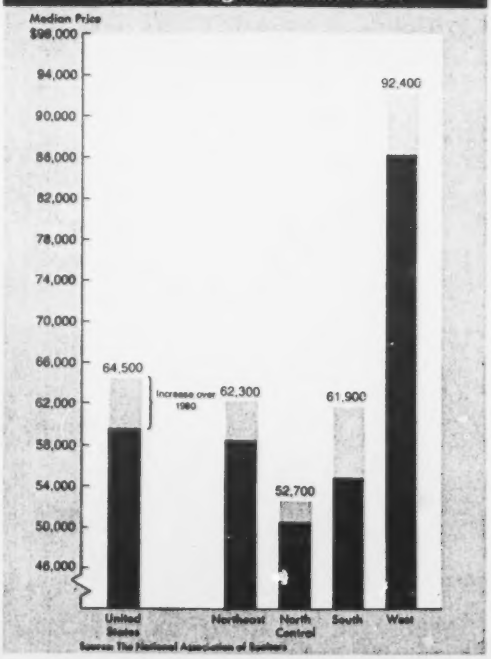
The Help-Wanted Advertising Index dropped three points in March, The Conference Board reported. Except for slight upturn in February, this Index, which is sensitive to changes in demand for labor, as well as general business conditions, has been declining steadily since November 1980. Seasonally-adjusted Index now stands at 126, down eight points from November's reading of 134 and 19 points below year-ago level. Want-ad volume declined in eight of nine areas of the country.

EXISTING HOME SALES

Sales of existing single-family homes declined for fourth consecutive month in March to reach seasonally adjusted annual rate of 2,520,000 units, according to National Association of Realtors. This is 37% below peak rate achieved in November 1978 and is just 170,000 units shy of cyclical low point reached less than year ago. Protracted housing recession was 28 months old in March making it not only steepest but also probably longest housing cycle (peak to recovery) since statistics have been gathered on resale market.

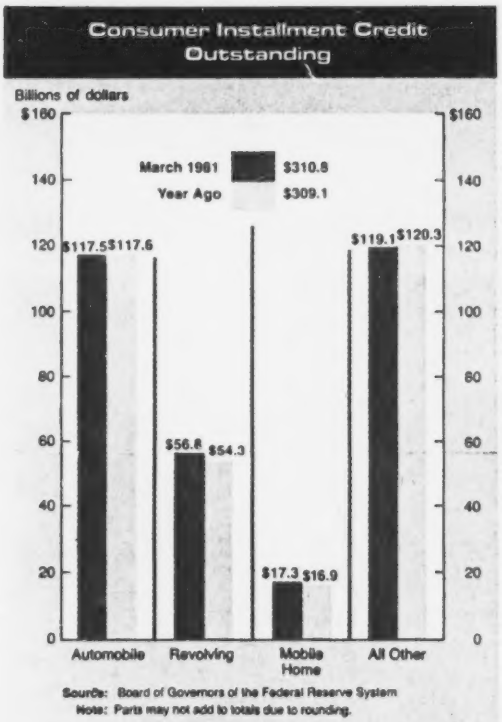
In March, median sales price of an existing home rose just $400 to $64,500. This increase was only enough to bring home prices back to where they were at beginning of year. Nationwide, home prices have risen 8.4% during last 12 months. Slower rate of price appreciation is evident in most areas of country. South is only region in which home prices are still rising at double-digit pace.

Median Sales Price of Existing Single Family Homes For the United States and each Region, March 1981



Source: The National Association of Realtors

FINANCE FACTS
JUNE 1981



CONSUMER INSTALLMENT CREDIT

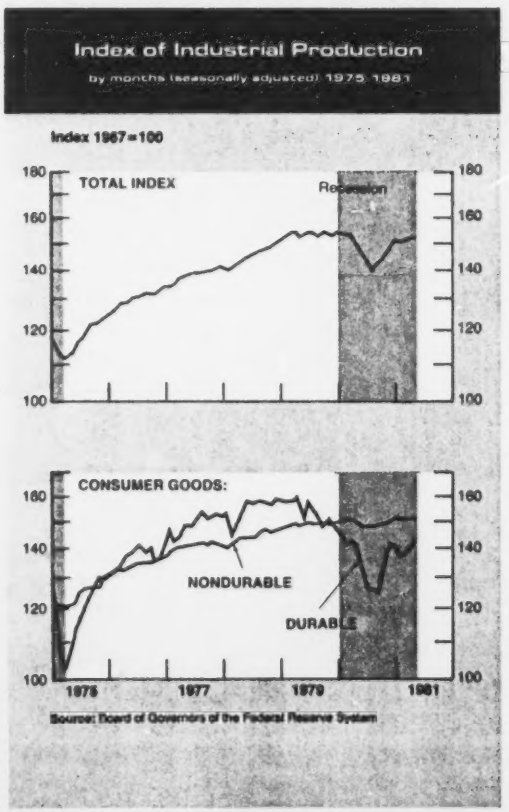
Total consumer installment credit at end March 1981 was $310.8 billion. Of this amount $117.5 billion was outstanding in automobile credit, $56.8 billion in revolving credit, $17.3 billion in mobile home credit and $119.1 billion in all other credit (consisting of other consumer goods and personal loans).

During March 1981, total installment credit outstanding increased by $1.6 billion — automobile credit increased $1.8 billion. Revolving credit was down $0.7 billion. Mobile home credit increased $0.4 billion and all other credit was up $0.1 billion.

Net change over month by institution was decrease of $0.1 billion for commercial banks. Finance company outstandings increased $1.4 billion, made up mostly of automobile credit. Credit at retailers declined $0.4 billion. Credit unions increased $0.4 billion, savings and loans were up $0.3 billion.

Net change in installment credit outstanding since end of March 1980 amounted to increase of $1.6 billion. Revolving credit increased $2.6 billion, mobile home credit $0.3 billion. Automobile credit declined $0.1 billion, all other credit down $1.1 billion.

Over the year finance company increase was $9.1 billion, retailers $1.5 billion, savings and loans $1.8 billion, gasoline companies $1.0 billion and mutual savings banks $0.2 billion. Commercial bank outstandings decreased $10.5 billion and credit unions $1.5 billion.



U.S. MOBILITY

During past five years, close to 82 million Americans changed place of residence within U.S. at least once, according to The Conference Board. Of families that move, three-fifths stay within same county, one-fifth leave the county but stay within same state, and one-fifth move to different state.

In 1980s, nations population is expected to increase by about 21 million. Of this number, 9.5 million will be accounted for by Southern states, 6.5 million in Western regions, and less than 4.5 million in Northern sections.

INDUSTRIAL PRODUCTION

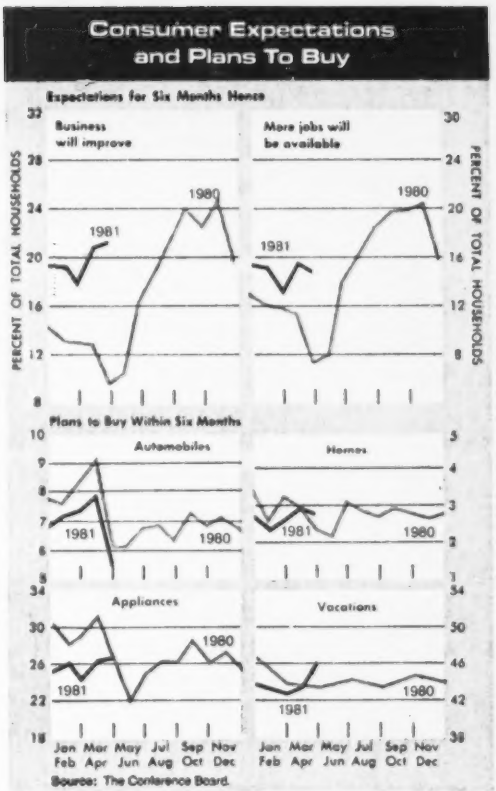
Industrial production increased an estimated 0.4% in April, following upward revised changes in February and March of −0.1% and 0.5%, respectively. In April, increases in output were widespread among most market groupings, but the coal strike reduced growth in total index by about 0.3 percentage point. At 152.8% of 1967 average, April index was 3.0% above year-earlier level and 0.5% below peak in March 1979.

Output of consumer goods rose 0.8% in April. Production of home goods edged off, but output of consumer nondurable goods advanced further. Production of business equipment increased sharply in both March and April. April rise in defense equipment also was large.

CONSUMER CONFIDENCE

Latest readings suggest the economy will pick up momentum in closing months of this year, The Conference Board reported. The Board's Consumer Confidence Index (1969-1970 = 100) moved ahead to 74.3 in April, up from 70.9 in March. The Buying Plans Index, however, came down to 83.2, compared with 98.7 in March.

Consumers continue to be disenchanted with current business conditions. Nearly 30% label current business conditions "bad"; only 14% call them "good." Some 37% complain that jobs are "hard to get," against 13% which find jobs "plentiful." Despite overall improvement in consumer confidence, buying plans sharply declined in April. Plans to buy new and used automobiles fell to 5.5%, down from 7.8% in March. Plans to buy homes edged off to 2.7% in April, compared with 2.9% in March. Plans to buy major appliances held about even at 26.4% vs. 26.2% in March. Nearly 46% plan a vacation, up from about 43% in February.



STATE PER CAPITA PERSONAL INCOME

State per capita personal income in 1980 ranged from $12,406 in Alaska and $11,445 in Connecticut to $6,508 in Mississippi, according to the U.S. Department of Commerce. The U.S. average was $9,458, compared with $8,706 in 1979. Most of the 11 states with per capita personal incomes at least 7%, or $650, above U.S. average were in urbanized northeastern and western parts of the nation. Most of the 19 states with per capita personal incomes at least 7% below U.S. average were in the Southeast and Rocky Mountain regions.

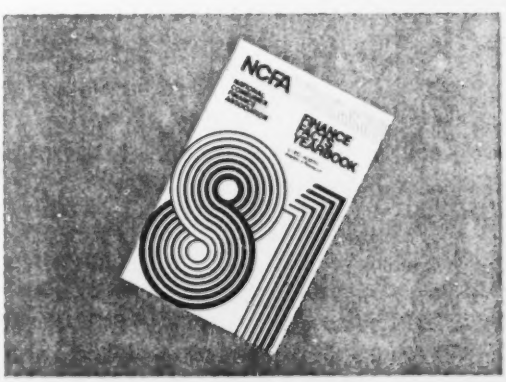
PRODUCER PRICE INDEXES

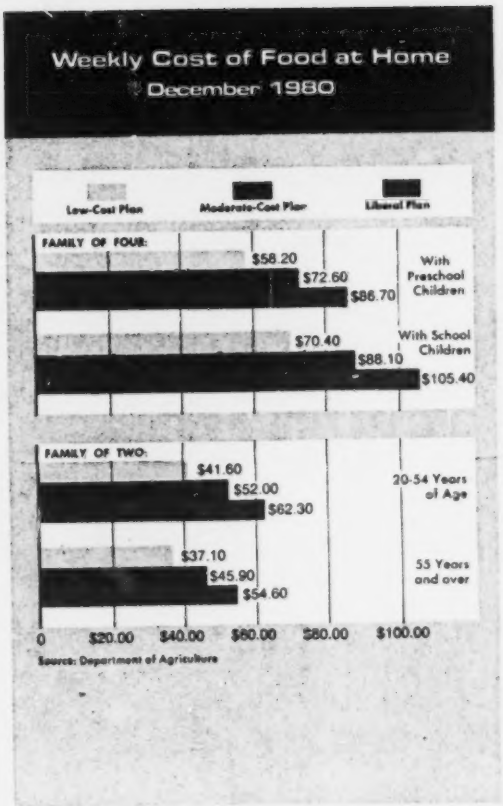
Producer Price Index for Finished Goods moved up 0.8% on seasonally adjusted basis from March to April, U.S. Department of Labor reported. Although considerably less than in March, it was about same as in both January and February. Prices for intermediate materials climbed 1.1% for fourth time in last 5 months. Crude material prices advanced 1.5%, after falling 1.3% in previous month.

1981 FINANCE FACTS YEARBOOK

The 1981 Edition of the FINANCE FACTS YEARBOOK is now available. Developed by NCFA's Research Services, the FINANCE FACTS YEARBOOK contains an evaluation of the consumer and his job, income, spending, money management, and credit management, as well as details on the consumer installment credit business.

Copies may be obtained by clipping this article and sending it, with $4.50 for NCFA members and $8.50 for non-members, to Central Order Desk, National Consumer Finance Association, 1000 16th Street, NW., Washington, DC 20036. Your name and mailing address should already appear on the opposite page.





COST OF FOOD AT HOME

Cost of similar market baskets of food at home rose 10.6% between December 1979 and December 1980. Examples of low-cost plan in December 1980 was $70.40 for food for one week for family of four with school children and $41.60 for family of two between 20 and 54 years of age, compared to $63.70 and $38.00, respectively, for December 1979.

Liberal plan for food at home for one week was estimated to cost family of four with children in school $105.40 and for family of two between 20 and 54 years of age $62.30.

FINANCIAL EXPECTATIONS

Faster-growing U.S. economy—marked by reduced inflation and lower interest rates—is shaping up for 1982, according to the Conference Board panel of 43 senior financial executives representing major nonfinancial corporations across the country. They look for real economic growth to climb from 1.7% in 1981 to 3.7% in 1982. Inflation (as measured by the GNP deflator) is expected to fall from 10.2% this year to 9.2% in 1982. With continued high interest rates, prime rate is expected to dip from average of 15.9% this year to 13.7% next year. Triple-A corporate bonds are expected to fall from average of 13% this year to 12.1% in 1982. Virtually all of these executives look for their use of bond issues to increase by 10 percentage points or more. Conference Board panelists expect Dow-Jones Industrial Average to average 978 this June and 1,075 in 1982.

EMPLOYMENT SITUATION

Unemployment rate in April at 7.3% was same as it was in February and March. Jobless rates for most of the major worker groups were 5.8% for adult men, 6.6% for adult women and 19.1% for teenagers.

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A Monthly Publication on Consumer Financial Behavior

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JULY 1981

CONSUMER INSTALLMENT CREDIT

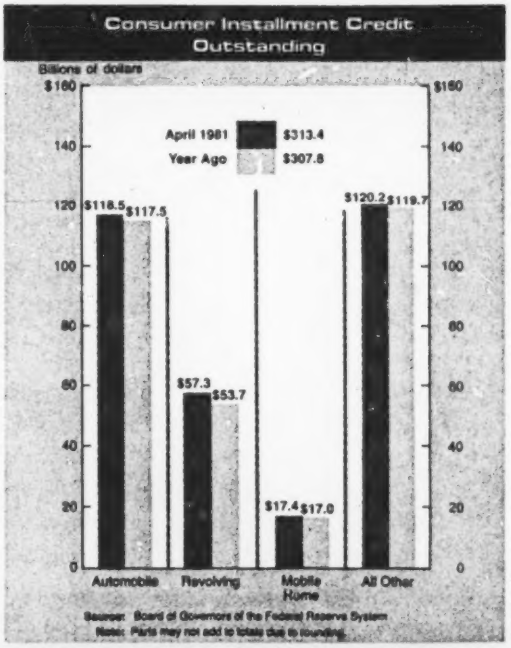
Total consumer installment credit at end April 1981 was $313.4 billion. Of this amount $118.5 billion was outstanding in automobile credit, $57.3 billion in revolving credit, $17.4 billion in mobile home credit and $120.2 billion in all other credit (consisting of other consumer goods and personal loans).

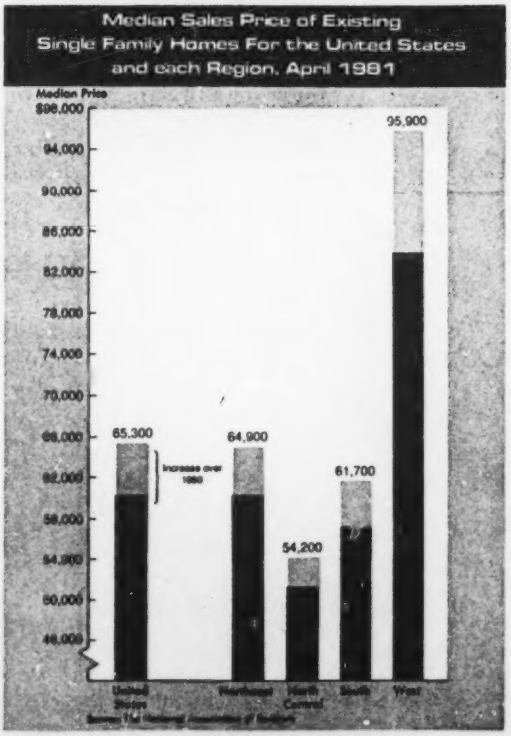
During April 1981, total installment credit outstanding increased by $2.7 billion—automobile credit increased $1.0 billion, revolving credit was up $0.5 billion, mobile home credit increased $0.1 billion and all other credit was up $1.1 billion.

Net change over month by institution was increase of $0.2 billion for commercial banks. Finance company outstandings increased $1.5 billion, made up mostly of automobile credit. Credit at retailers increased $0.3 billion, credit unions increased $0.2 billion, savings and loans were up $0.3 billion.

Net change in installment credit outstanding since end of April 1980 amounted to increase of $5.6 billion. Revolving credit increased $3.6 billion, mobile home credit $0.4 billion, automobile credit $1.0 billion and all other credit $0.5 billion.

Over the year finance company increase was $9.5 billion, retailers $2.2 billion, savings and loans $2.0 billion, gasoline companies $1.1 billion and mutual savings banks $0.3 billion. Commercial bank outstandings decreased $8.9 billion and credit unions $0.6 billion.



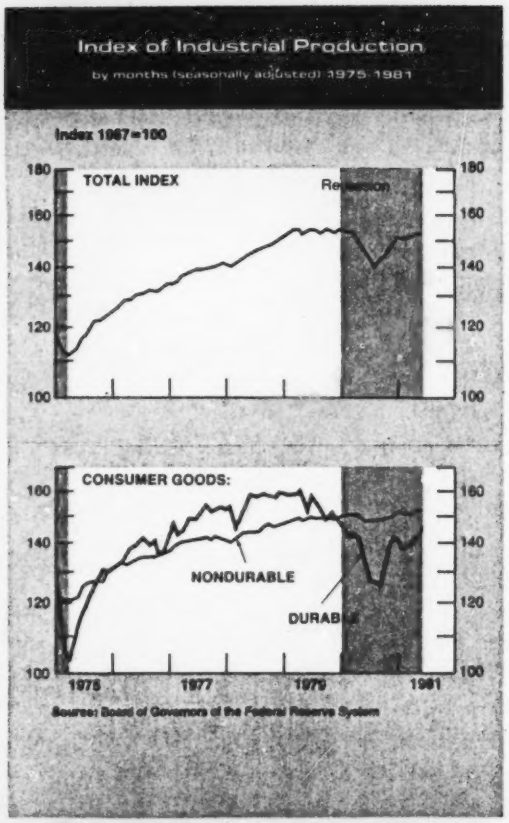


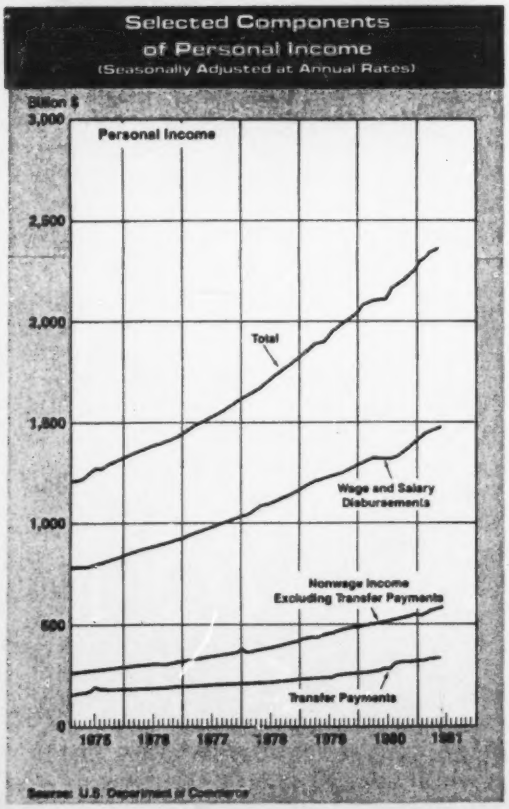
WAGE INCREASES IN 1980

Workers' pay continued upward at high rates in 1980, but consumer prices rose at an even greater rate according to U.S. Department of Labor. Prices as measured by Consumer Price Index rose 12.5% during 1980. Average hourly compensation (including supplementary benefits) rose 10.0% in 1980, highest since 1974. However, real hourly compensation, or compensation expressed in constant (1967) dollars, fell 2.2%.

EXISTING HOME SALES

Sales of existing single-family homes rose in April ending string of six consecutive months of generally declining activity the National Association of Retailors reported. Resale activity in April was at seasonally adjusted annual rate of 2,640,000 units up 6.0% from the preceding month. In April median sales prices of an existing single-family home increased by $900 to $65,300. Nationwide home prices are 8.1% above level year ago.





INDUSTRIAL PRODUCTION

Industrial production increased estimated 0.3% in May, following a downward revised 0.1% rise in April. The May increase was concentrated in production of motor vehicles and parts, but gains also occurred in output of equipment and of some materials. At 152.8% of 1967 average, industrial production in May was 6.1% above level year earlier and slightly below latest index high reached in March 1979.

Output of consumer goods advanced 0.5% in May, mainly due to a 7.5% rise in auto and utility vehicle production. Autos were assembled at an annual rate of 7.3 million units, up from a 6.8 million unit rate in April. Nondurable consumer goods output was about unchanged. Output of business and defense equipment continued to expand in May.

WORKING MOTHERS

In March 1980, 53% of all children under age 18 (30.7 million) had mothers who were either employed or looking for work Bureau of Labor Statistics reported. By early 1980, more than 17 million mothers of children under age 18 were in the work force, 44% more than in 1970. In past 10 years, number of children whose mothers were in labor force has grown by more than 5 million despite falling birth rate and reduction in total number of children in the population. Between 1970 and 1980, women entered labor force at pace averaging over 1 million net additions each year except for 1970-71. Greatest labor force gains were posted among women 25 to 34 years of age.

Substantial number of children are either wholly or partially dependent on their mothers' earnings for large share of their support. In March 1980, 1 of 4 children lived in families where the father was absent, unemployed, or out of the labor force. When the mother was in the labor force, median income in 1979 for families with children ranged from $18,500 for those in which the father was unemployed, to $15,400 for those in which the father was out of the labor force, and $10,100 for those in which the father was absent. Corresponding medians when the mother was not in the labor force were $12,000, $8,300 and $4,600.

PERSONAL INCOME

Personal income increased $13.7 billion in May to seasonally adjusted annual rate of $2,367.2 billion, according to U.S. Department of Commerce. In April, personal income increased $13.0 billion.

Wages and salaries and other labor income increased $7.1 billion in May. Nonfarm proprietors' income decreased $0.3 billion in May, farm proprietors' income increased $2.0 billion. Income from rent, dividends and interest increased $3.8 billion. Transfer payments increased $1.2 billion.

Personal outlays increased $12.3 billion in May, taxes up $3.7 billion. Saving decreased $2.2 billion. Purchases of durable goods increased $0.2 billion. Purchases of nondurable goods increased $3.8 billion, purchases of services increased $7.9 billion.

CONSUMER FINANCIAL BEHAVIOR

All indexes except personal saving were up in first quarter 1981. Largest percentage increases were registered by durable goods expenditures, up 12.6 points (6.3%) to 213.6 (1972 = 100) and consumer installment credit extended, up 13.3 points (6.3%) to 224.2. Personal saving, down 10.3 points (5.5%) to 175.3.

Personal income index increased 6.6 points (2.8%) in first quarter 1981. Personal taxes rose 9.0 points (3.5%), and disposable personal income rose 6.2 points (2.6%).

Installment credit repaid index rose in first quarter, up 6.7 points (3.0%) to 232.7, and continued above the credit extended index. Nondurable goods expenditures increased 7.3 points (3.1%) and expenditures on services rose 5.9 points (2.3%).

Indexes for first and fourth quarter 1980 and first quarter 1981 (indexes 1972 = 100) are shown in the following table:

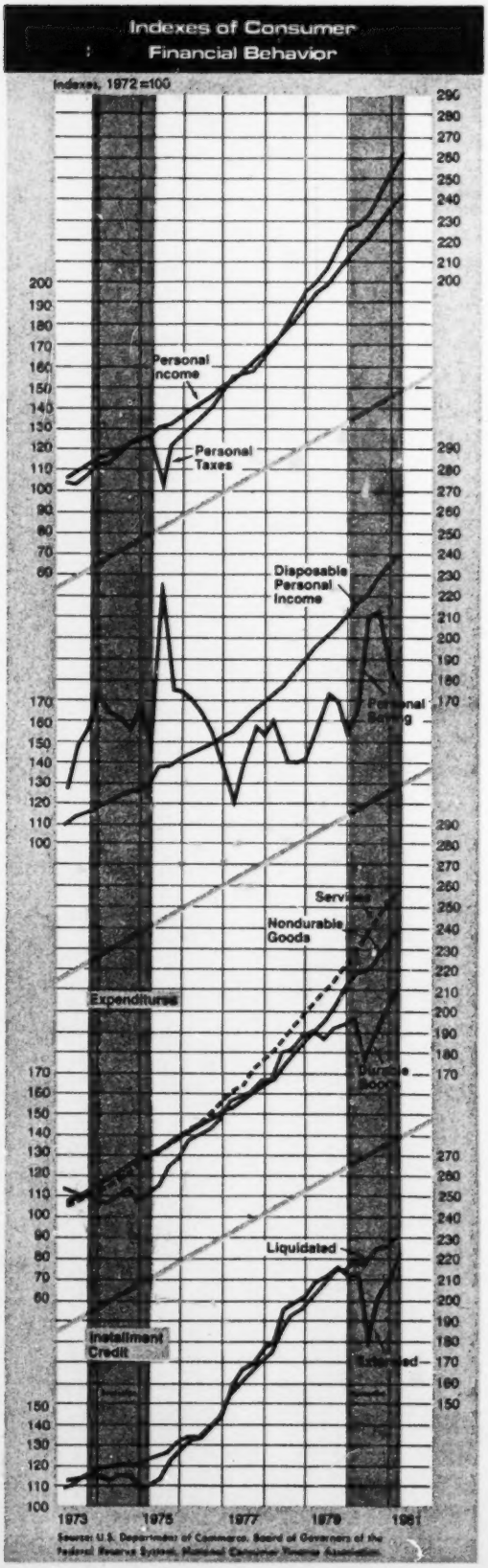
	1980		1981
	First Quarter	Fourth Quarter	First Quarter
Personal Income	219.5	237.1	243.7
Personal Taxes	229.1	254.8	263.8
Disposable Personal Income	217.8	234.1	240.3
Personal Saving	164.3	185.6	175.3
Durable Goods Expenditures	198.8	201.1	213.6
Nondurable Goods Expenditures	219.9	234.0	241.3
Expenditures on Services	230.2	253.4	259.3
Consumer Installment Credit Extended	213.2	210.9	224.2
Consumer Installment Credit Repaid	220.9	226.0	232.7

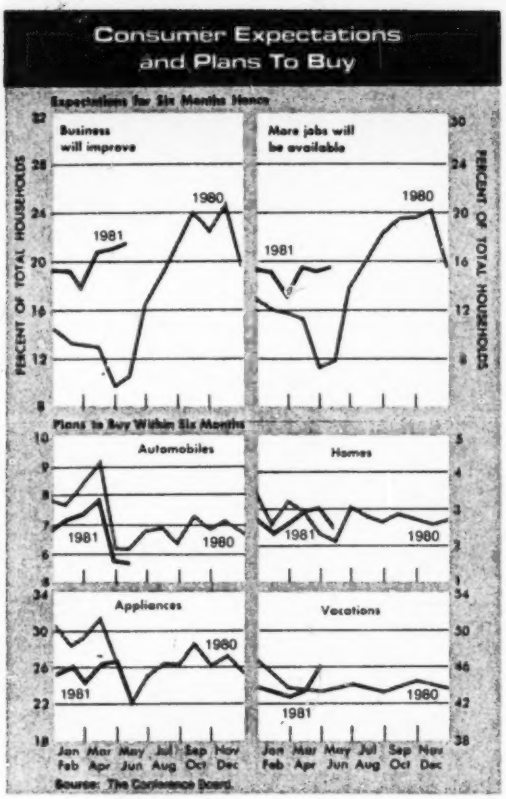
HELP-WANTED INDEX

The Help-Wanted Advertising Index declined in April for second consecutive month, The Conference Board reported. At 118 (1967 = 100), seasonally-adjusted Index dropped seven points below March reading of 125, sinking to lowest level since August 1980. In past 12 months Index edged up from 112 in May to 134 in November, the high point for the period, then fell steadily to current level of 118. The Help-Wanted Index measures the volume of classified advertising in 51 major newspapers across the nation. It is sensitive to changes in the demand for labor, as well as general business conditions.

SUMMER YOUTH LABOR FORCE

The 16-to-24-year-old labor force is expected to total 27.3 million this summer, slightly below level of last summer, according to Bureau of Labor Statistics. Small projected decline from last summer results from combination of slightly lower youth population and generally lower rates of labor force participation. Within 16-24-year total, moderate population growth among 20-to-24-year-olds will be outweighed by continued decline in number of 16-to-19-year-olds. It is expected that 16-to-24-year-old labor force will expand by about 3.6 million. Students entering the labor force for temporary summer jobs are expected to account for just over 2.2 million of total increase.





CONSUMER CONFIDENCE

Consumer confidence was up again for third consecutive month, but the gain in May was only marginal, The Conference Board reported. The Board's Confidence Index (1969-1970=100) reading is now 77.5, up two points over April. Buying plans have dropped significantly for second month in a row.

For next six months, more respondents than last time believe business conditions will improve. Fewer respondents expect their incomes to increase in the months ahead: 30.3% down from a previous 32.6%. Intentions to buy are soft. Plans to buy an automobile—new or used—are unchanged. Interest in homes is down to 2.3% from 3.0% in the preceding month. Plans to purchase a major appliance are also markedly weaker.

PRODUCER PRICE INDEXES

The Producer Price Index for Finished Goods moved up 0.4% on seasonally adjusted basis from April to May, the Bureau of Labor Statistics reported. This was only half as large as April advance and was smallest increase so far this year. Prices for intermediate materials rose 0.5%, much less than in most recent months. Crude material prices moved down 0.5%, following 1.5% advance in April and 1.3% drop in March.

EMPLOYMENT SITUATION

Unemployment rose in May, Bureau of Labor Statistics reported. Jobless rate in May, at 7.6%, was up from the 7.3% registered during prior 3 months. Number of unemployed workers rose by 425,000 on seasonally adjusted basis to 8.2 million in May. This increase followed 5 months of relative stability and returned rate to 1980 peak last recorded in October. Jobless rate increases were registered among most worker groups.

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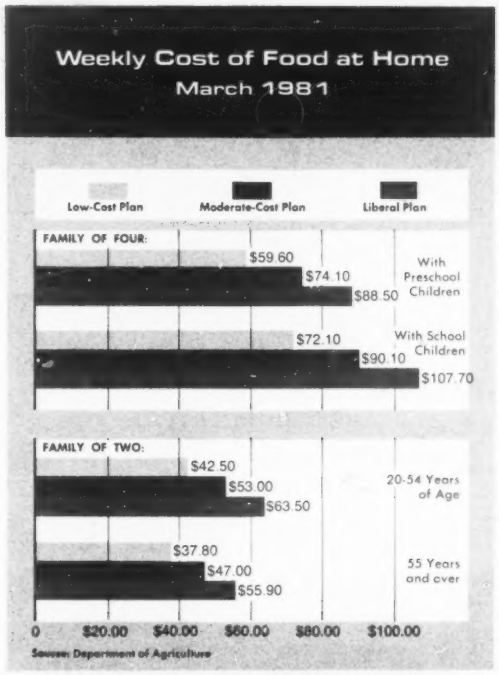
AUGUST 1981

COST OF FOOD AT HOME

Cost of similar market baskets of food at home rose 10.3% between March 1980 and March 1981. Examples of low-cost plan in March 1981 was $72.10 for food for one week for family of four with school children and $42.50 for family of two between 20 and 54 years of age, compared to $64.70 and $38.50, respectively, for March 1980.

Liberal plan for food at home for one week was estimated to cost family of four with children in school $107.70 and for family of two between 20 and 54 years of age $63.50.



MORTGAGE INTEREST RATES

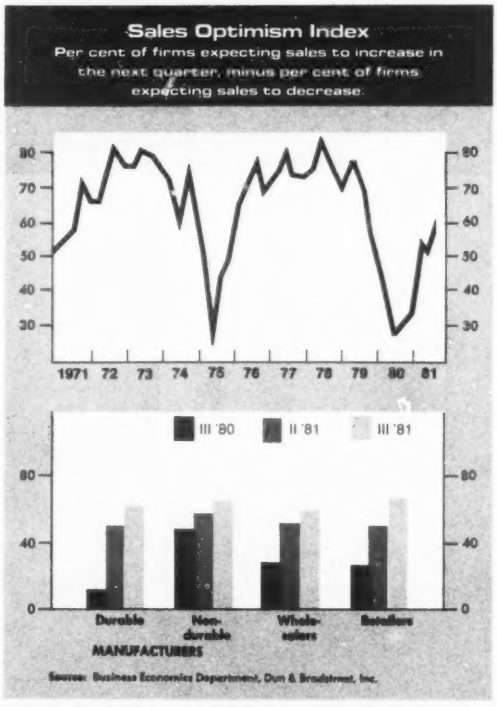
Another significant increase in conventional home mortgage commitment rates pushed rates up to alltime highs in early June the Federal Home Loan Bank Board reported. Latest increase of more than one-half of one percentage point about equalled rise during previous month. Further increase in mortgage rates reflected poor deposit experience and rise in cost of funds during May.

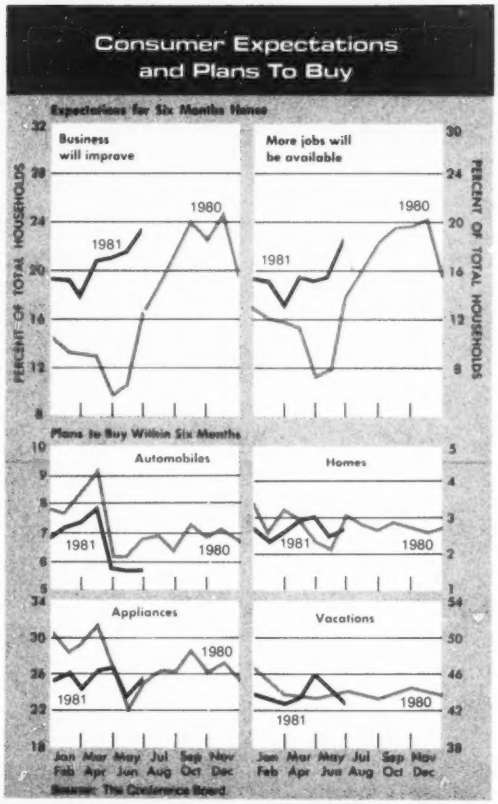
Average effective rate on loan transactions increased 32 basis points to 14.81% in early June. Year earlier, average was 13.14%, and at August 1980 low, 12.27%. In early June, average contract rate on loans closed was 14.32%, up 31 basis points over month. Initial fees and charges edged up 3 basis points to 2.32% of principal. Both average term to maturity and average loan-to-price ratio declined during month, former from 26.2 to 26.1 years and latter from 73.9% to 73.2%.

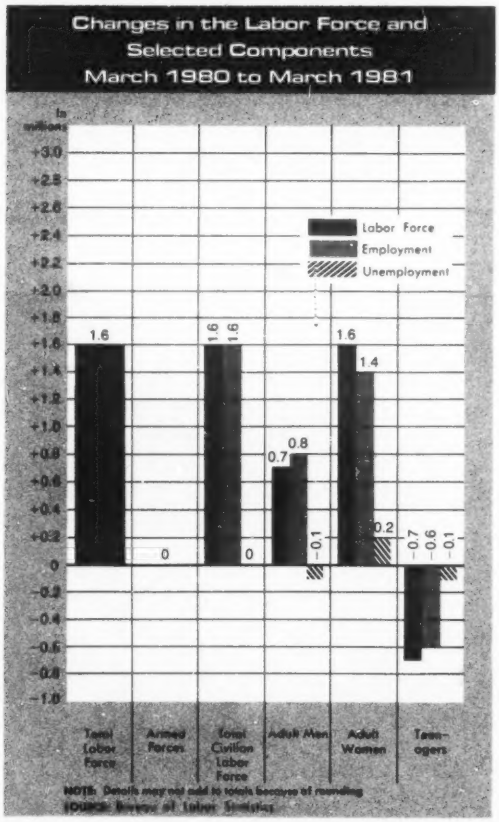
BUSINESSMEN'S EXPECTATIONS

Business optimism about both sales and profits has gained strength, according to Dun & Bradstreet's latest survey of business expectations. Some 1,413 executives were interviewed concerning their outlook for third quarter 1981. Their confidence about the upcoming three months climbed to highest level since second quarter 1980.

Sales Optimism Index (percentage expecting increases minus percentage expecting decreases) jumped 10 points to 61 after sliding down to 51 in preceding quarter. Retailers showed 16 point improvement. Profits Optimism Index for third quarter brightened almost as much as on sales and reached five-quarter high overall. Durable goods manufacturers hit an eight-quarter peak.







CONSUMER CONFIDENCE

The Conference Board's Consumer Confidence Index (1969-70=100) edged up to 80.2 in June from 78.0 in May. While this was fourth consecutive improvement, gains in past two months were modest. Buying plans were also up, offsetting about half of rather large loss recorded in May. All of the gain in June was accounted for by consumer's more optimistic view of the future, but assessment of ongoing conditions continues to be quite negative.

Intentions to buy are stronger than last time, but still running below year-ago levels. Of respondents, 5.7% said that they would purchase an automobile in next six months. Intentions to buy a home have edged up, to 2.7%, compared with a prior 2.4%. In major appliances, 25.7% said that they would make a purchase, up from 22.9%. Consumers who plan to take a vacation in the next six months was down to 42.4% compared with 45.6% in April.

CAPACITY UTILIZATION

Capacity utilization in manufacturing decreased in June to 79.6% from 80.1% in May. Prior to June decline, manufacturing utilization was essentially unchanged for six months. The June rate is 4.7 percentage points above July 1980 low of 74.9%, and 7.6 percentage points below the March 1979 high of 87.2%. Within manufacturing, declines in operating rates were widespread. The rate for primary processing industries dropped 0.5 percentage points to 80.2%, while the advanced processing industries rate fell 0.6 percentage point to 79.3%.

PRODUCER PRICE INDEX

The Producer Price Index for Finished Goods moved up 0.6% from May to June on seasonally adjusted basis, Bureau of Labor Statistics reported. June increase followed 0.4% rise in May and 0.8% advance in April. Prices for intermediate goods increased 0.3%, considerably less than in most recent months. Crude material prices, however, advanced 1.2%, after falling 0.5% in May. Before seasonal adjustment, Producer Price Index for Finished Goods moved up 0.4% to 269.9 (1967=100). Over the year, the Finished Goods Price Index rose 10.2%.

EMPLOYMENT SITUATION

Total employment and unemployment declined in June, after seasonal adjustment, Bureau of Labor Statistics reported. Following an increase in May to 7.6%, the jobless rate dropped back to 7.3% in June, level which had prevailed in February-April period. Total employment declined by 840,000 over the month to 98.4 million.

Jobless rate decreases in June were not pervasive but rather were concentrated among selected worker groups. Among men, sharpest drop occurred among 20-24 year-olds, reversing the increase they had experienced in May. Decline in unemployment for women occurred among those 25-54 years old, also countering an increase in the previous month. Jobless rates for full-time workers and for workers in trade dropped, also a return to their pre-May levels.

CONSUMER INSTALLMENT CREDIT

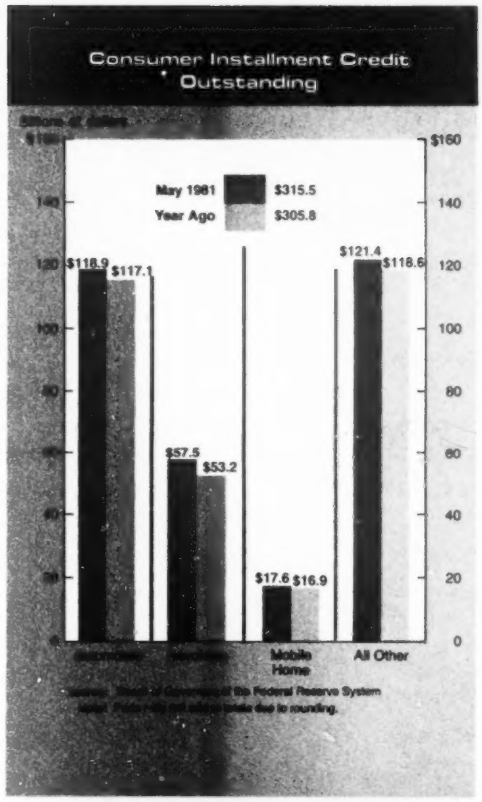
Total consumer installment credit at end May 1981 was $315.5 billion. Of this amount, $118.9 billion was outstanding in automobile credit, $57.5 billion in revolving credit, $17.6 billion in mobile home credit and $121.4 billion in all other credit (consisting of other consumer goods and personal loans).

During May 1981, total installment credit outstanding increased by $2.0 billion—automobile credit increased $0.5 billion, revolving credit was up $0.2 billion, mobile home credit increased $0.2 billion and all other credit was up $1.2 billion.

Net change over month by institution was increase of $0.1 billion for commercial banks. Finance company outstandings increased $0.8 billion, made up mostly of personal loans ($0.5 billion) and automobile credit ($0.2 billion). Credit at retailers increased $0.1 billion, credit unions increased $0.7 billion, savings and loans were up $0.4 billion.

Net change in installment credit outstanding since end of May 1980 amounted to increase of $9.7 billion. Revolving credit increased $4.3 billion, mobile home credit $0.7 billion, automobile credit $1.8 billion and all other credit $2.8 billion.

Over the year finance company increase was $9.7 billion, retailers $2.3 billion, savings and loans $2.4 billion, gasoline companies $1.2 billion, mutual savings banks $0.3 billion and credit unions $0.9 billion. Commercial bank outstandings decreased $7.1 billion.



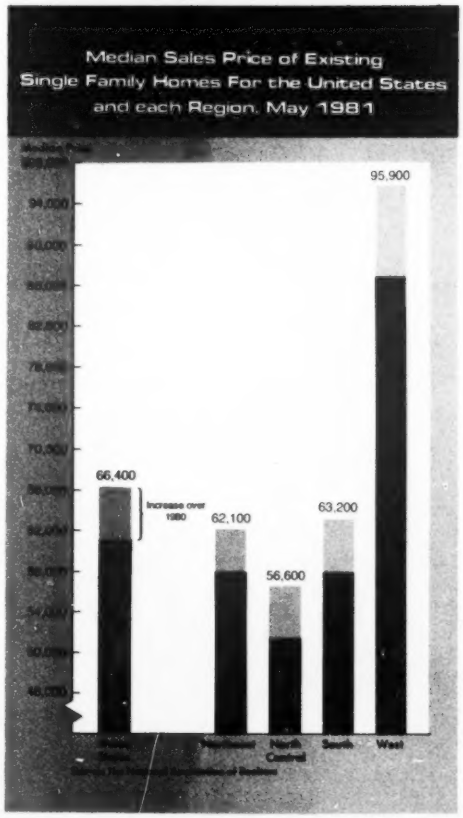
CORPORATE PROFITS—1980

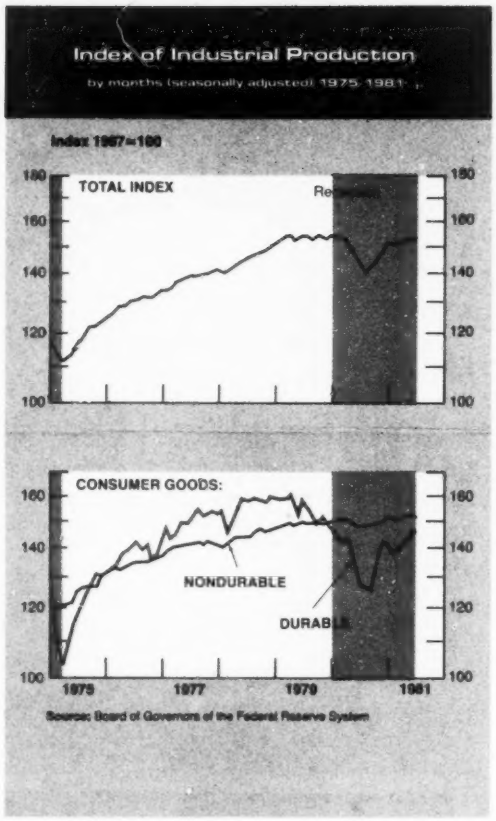
Recession and inflation were the two major forces influencing corporate profits in 1980, according to annual Citibank survey reported by The Conference Board. As reported to stockholders, after-tax profits of all corporations were up 2% in 1980 over 1979. In manufacturing, increase was less than 1%. Their sales were up 14% but margin on sales fell to 4.9%, from 5.6% in 1979.

Petroleum industry accounted for 43% of profits. For all other manufacturing, after-tax profits declined in the aggregate by 13%. This includes auto industry's loss of $4.5 billion in 1980. Without petroleum and autos, manufacturer's after-tax profits in 1980 were up 3% on increase of 10% in sales.

EXISTING HOME SALES

Sales of existing single-family homes slumped further in May to seasonally adjusted annual rate of 2,510,000 units. Monthly decline of 3.8% nearly wiped out increase recorded in April. Over first five months of 1980, annualized sales rate of existing homes has averaged 2,550,000. So far this year, each of four regions have turned in sales performances that have not been seen since 1975. In May, median sales price of existing home increased by $1,100 to reach $66,400. This is largest increase experienced so far this year. Nationwide home prices are 8.5% above same month year ago.





INDUSTRIAL PRODUCTION

Industrial production edged down 0.1% in June on seasonally adjusted basis as declines occurred in the output of construction supplies, home goods, and durable and nondurable materials. Utility output advanced strongly because of greater than seasonal surge in electricity generation. Output in manufacturing decreased perceptibly. At 152.7% of 1967 average, total index in June was 7.9% above a year earlier and 0.7% above January 1981 level.

Output of consumer goods declined 0.3% in June. Rise in auto production was more than offset by decreases in output of home goods such as appliances and nondurable consumer goods. Autos were assembled at an annual rate of 7.4 million units, 1.4% above May. Defense equipment production was essentially unchanged. Output of construction supplies was reduced 1.4%.

BUSINESS CONFIDENCE

The Conference Board's Measure of Business Confidence rose 3 points in second quarter, to 61 (on a scale of 0-100). Except for 63 in last year's fourth quarter, latest reading is highest since Spring 1977. Low was 29, a year ago. The Confidence Measure is based on responses from about 1500 chief executives of U.S. businesses of all types and sizes. Latest three quarterly scores of around 60 indicate that, on average, the respondents' assessments of conditions lie between "Same" and "Moderately Better." During past three quarters, score for general economic outlook has been stonger than that for outlook in respondents' own industries. In last year's third quarter, own-industry outlook scores were 60 for nonfinancial business overall and 59 for financial business. In second quarter of 1981, scores were 65 and 51, respectively. This divergence reflects relatively severe impact that high and variable interest rates have on financial businesses.

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